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The movie moguls of Hollywood have revealed themselves to be frustrated, fractious and despondent about the future of the film industry, and fed up with the funny money being paid to Tinseltown's biggest stars.

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Dave Alfred, acknowledged as the best rugby kicking coach in the world, has been recruited to work with the England team.

## PEOPLE



### Gowrie to leave Arts Council a year early

Lord Gowrie, the former Tory minister, is to step down a year early from his post as Arts Council chairman. Announcing that he would leave in April, he said it was for "entirely personal" reasons. However, it is also true that the Labour government is ambivalent about the usefulness of the Arts Council in distributing government grants to the arts, and the Culture Secretary, Chris Smith, has been critical about the way the council allowed the crisis at the Royal Opera House to develop.

The post of chairman is a high-profile and important one, as he or she can play a guiding role in developing arts policy and in rewarding or punishing arts institutions financially. Lottery money given to causes by the Arts Council has further increased its influence and that of the chairman.

Crucially, the post is unpaid, limiting the people who can afford to take it on. Possible choices to succeed Lord Gowrie could include the Labour peer Lord Puttnam and the former Tory heritage

secretary David Mellor. Both have already been given jobs by the Ministry of Culture, Media and Sport.

Lord Gowrie took up his five-year appointment in April 1994. He famously quit as arts minister in Margaret Thatcher's government in 1985, saying nobody could be expected to live in central London on the then ministerial salary of £23,000 a year.

Yesterday he said: "My reasons for leaving ... are entirely personal. The job has been one of the most challenging of my career and also one of the most exciting and rewarding." But it took up most of his working day, he said, adding: "I do have current professional demands on my time."

Lord Gowrie, who is a director of Sotheby's, wants to spend more time working as chairman of Development Securities, an office-development company. "I am chairman of a fast-rising pic. I have other commitments on my time and the chairmanship of the Arts Council was presented to me as being a busy, active but non-executive job."

David Lister

### Breast cancer plea by Dani Behr

The television presenter Dani Behr yesterday revealed how breast cancer had cast a shadow over two generations of her family. The former presenter of *The Word* was helping launch Breast Cancer Awareness Month, which runs throughout October. She said it was never too early to start taking precautions against the illness, which kills 14,000 women in the UK each year.

"... Two of my great-grandmothers and one grandmother died from it," she said. "It's really im-

portant for women to get the message about checking for lumps in their breasts, especially women my age. It's easy for us to think that it won't happen to us, but my grandmother was 33 when she died, only 10 years older than me, so we can't ignore it."

Breast cancer affects one in 12 British women and kills more females than any other cancer in the country, making the UK one of those worst affected by the disease.

— Jojo Moyes

### Sisters who fell out over transplant heal the rift

Two sisters who fell out when one said she could not donate bone marrow to save the other's life because of her fear of hospitals, declared their quarrel over yesterday.

Susan Squires conquered her phobia and was admitted to hospital to provide the marrow for the transplant last month. Yesterday her sister, Angela Latham, 34, a mother of two who has leukaemia, thanked her as she prepared to leave hospital.

"I cannot thank her enough. She's still my sister after all that's happened and I'm very grateful for what she's done." Ms Squires's initial refusal caused a three-year rift between the sisters, who live streets apart in Blackpool.

After a worldwide search of 4 million donors failed to turn up a match, she agreed to the operation. But the sisters were a poor match and doctors at Manchester Royal Infirmary gave Mrs Latham a less than 50 per cent chance of success.

Jeremy Laurence

## UPDATE

### EMPLOYMENT

#### Young escape the jobless trap

Youth unemployment is falling faster than for adults in half of Britain's regions, a survey showed yesterday. Adult unemployment has been cut by 46 per cent in the four years to July of this year. But the figure for young people is up to 60 per cent.

The GMB union survey showed that the largest fall was in the South-East (60.4 per cent), followed by the South-West (56.3 per cent), the West Midlands (51.6 per cent) and East Anglia (50.6 per cent).

The fastest falls in youth unemployment have been in the South-East counties of Surrey, Sussex, Berkshire and Hertfordshire. John Edmonds, general secretary of the GMB, said: "Labour's New Deal ensuring welfare to work opportunities for the under-25s and the long-term unemployed is critical if we are to tackle those remaining areas of higher unemployment." Unions were ready to join the New Deal task-forces which will be set up throughout the country, Mr Edmonds added.

### SMOKING

#### Teenage girls get nicotine habit

Smoking levels among girls aged 11 to 15 are at their highest level for 15 years, according to a survey. The number of young teenage girls who smoke has increased steadily over the past decade and they are now more likely to do so than boys.



In 1996, 15 per cent of girls in this age group were regular smokers and more than half had smoked at some point. This compared with 11 per cent who smoked regularly in 1982. The findings from the Office for National Statistics survey of secondary school children in England sparked fresh concern about young people's health. Donald Reid, chief executive of the Association for Public Health, said: "The rise in smoking among children is a major disaster for public health. It will lead to increased deaths from cancer, heart disease and smoker's lung in the long run, and to the loss of limbs from smoker's gangrene by the age of 30, in some cases. Girls who become pregnant while smoking risk losing their babies - smoking is implicated in 4,000 miscarriages, 400 still births and 300 cot deaths annually."

The survey - Smoking Among Secondary School Children in 1996 - found 13 per cent of secondary schoolchildren aged 11-15 were regular smokers. In 1996, 11 per cent of boys in this age group smoked regularly and 53 per cent said they had never smoked. In Scotland, 14 per cent of 12 to 15-year-olds were smokers in 1996, compared with 12 per cent in 1994.

### HEALTH CARE

#### Hospital guidelines launched

Minimum standards of care for patients requiring emergency admission to hospital were launched yesterday. The voluntary standards set out what patients can expect if they go into hospital suffering from a range of conditions such as a stroke, asthma attack or heart attack.

They include where they should be treated, by whom, the training health professionals should have received, and the kind of assessment and treatment they should be given. The standards, drawn up by the Health Services Accreditation Unit, an NHS body set up to improve the quality of care, in consultation with doctors, nurses and other professionals, were welcomed by the Royal College of Physicians. John Ward, vice-president, said: "This publication is a vital step in informing management of the difficulties of the situation."

Jeremy Laurence

### TOURIST RATES

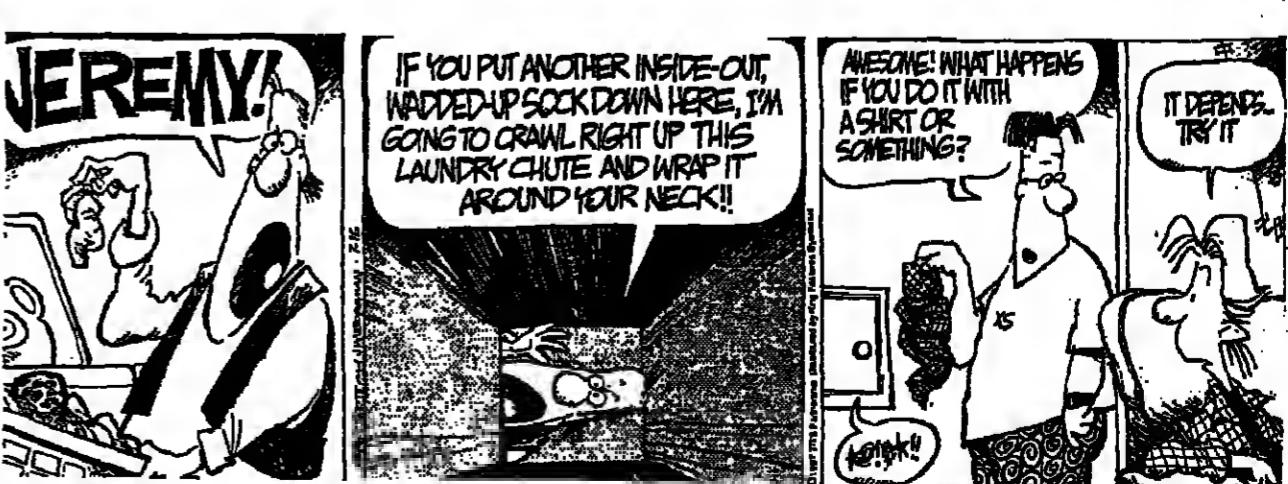
Australia (dollars)	2.14	Italy (lira)	2716
Austria (schillings)	19.41	Japan (yen)	192.59
Belgium (francs)	57.07	Malta (lira)	0.60
Canada (\$)	2.17	Netherlands (guilders)	3.10
Cyprus (pounds)	0.81	Norway (kroner)	11.18
Denmark (kroner)	10.58	Portugal (escudos)	279.07
France (francs)	9.28	Spain (pesetas)	232.99
Germany (marks)	2.77	Sweden (kroner)	11.91
Greece (drachmae)	440.38	Switzerland (francs)	2.28
Hong Kong (\$)	12.13	Turkey (lira)	2682.21
Ireland (pounds)	1.07	USA (\$)	1.57

Source: Thomas Cook

### 7.30 FOR 8



### ZITS



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## New facts expose flaw in case against nanny

On Monday, the British nanny Louise Woodward, 19, will appear in a United States court, charged with murdering a nine-month-old baby in her charge. If convicted, she will receive life imprisonment, without parole. Jojo Moyes examines concerns that she will not get a fair trial.

The prosecution case against Louise Woodward in the Massachusetts Superior Court will claim it is the simple case of a baby murdered by a nanny unable to cope with his incessant crying. But missing evidence, the lack of an independent autopsy and prejudicial coverage, say Miss Woodward's supporters, all suggest the Cheshire teenager's guilt is far from proven.

"I'm flabbergasted at how the procedures have differed from anything you would get in Britain. I'm very angry and I'm very frightened," her father, Gary Woodward, told *The Independent* yesterday. "But I can't let Louise see how worried I am. She's petrified."

Miss Woodward travelled to the US after a short course in childcare, during her year out. Last November she moved in with the Eappen family in Boston, looking after two boys: Brendan, 2, and 9-month-old Matthew.

On February 4 police received an call from Miss Woodward, saying Matthew had become ill. He was taken to hospital, but died, after emergency surgery, five days later. According to police, she confessed that she may have shaken the baby after becoming frustrated by his crying. She was taken into custody, charged with assault and battery, and subsequently murder, to which she is pleading not guilty.

The case, according to the American media, is cut and dried. The autopsy revealed a two-and-a-half-inch fracture at the back of Matthew's head, which the prosecution say was caused by a severe blow. The timing of the injury is the

cornerstone of the case against Miss Woodward; they say it occurred just hours before the baby got to hospital. But Miss Woodward's own previously unpublished - testimony, which will tonight feature on Carlton's *The Big Story*, contradicts this. Matthew, she said, had been crying all day. When she checked on him she found "he didn't look normal. I think he had changed colour. I don't think he was focusing ... I picked him up and he vomited. So I assumed he choked."

It was at this point, after giving him first aid, that she admitted to shaking him; not out of frustration, but in an attempt to save him. "I was just like, you know, Matthew. I was calling his name ... He wasn't doing anything." The defence will argue that Matthew's head injury could have occurred two days earlier.



Miss Woodward in the US after studying child care

lier - when the nanny was not working. But a number of factors are hampering their case.

Despite repeated requests, the *Big Story* discovered, key samples of the baby's brain have not been made available. A week ago Miss Woodward's lawyers were told that roughly 48 cm sq of the brain tissue had "gone missing" - doctors having apparently thrown it away.

Judge Hiller Zobel ruled that this had happened "carelessly, not maliciously" and that it was "not pre-

dicted". "I feel very bitter about that. There's no reason for them to call Sue. It just means she can't support Louise during the trial, and she and I can't support each other in court."

The strain of keeping a family together in such circumstances is beginning to tell. "We've had no life since February. We're mentally, physically and financially drained," he said.

*The Big Story: "Presumed Guilty" will be shown tonight on ITV at 7.30.*

On trial: The court will hear that Louise Woodward could not cope with the baby's crying



IN THE  
INDEPENDENT  
TOMORROW

EYE ON FRIDAY



Harold Pinter, Anna Friel and a campaign to save a death row writer

MUSIC  
Bob Dylan. He's back. He's in Bournemouth. Does it matter?



Vaughan Williams. More European than English

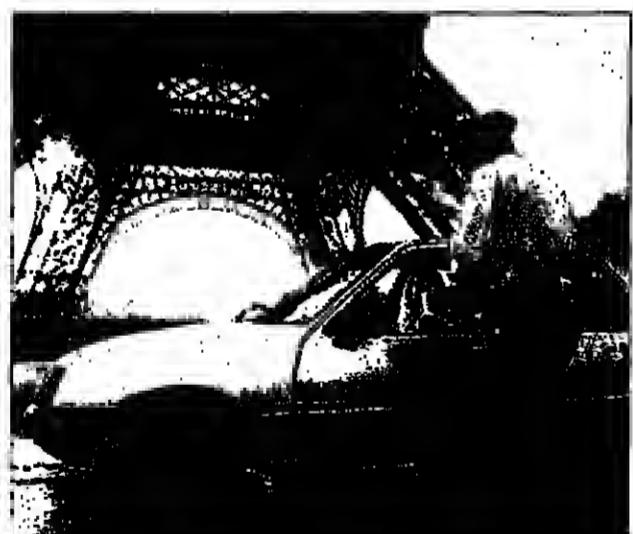
## Paris falls quiet as smog alert forces citizens to get out and walk

A strange quiet fell on the streets of Paris yesterday. All private cars with even-numbered registration numbers were ordered off the roads after nitrogen dioxide pollution reached danger levels. John Lichfield reports.

Paris may be a conservative city but yesterday it helped to be odd. For the first time, the government enforced a new law against air pollution which bans, on alternate days, half of the private cars in the city and suburbs. Yesterday, only those cars with odd registration numbers were allowed to drive.

An estimated one million cars were ordered off the roads, taxis, delivery vehicles, doctors, journalists and cars carrying more than three people were exempted. All public transport was free (the government footed the bill, estimated at £150,000). First indications were that the restrictions were broadly respected, despite some confusion and a decision by the authorities to warn, rather than fine, offenders. Police said that traffic in Paris was 15 per cent down on normal (it seemed even quieter). The Prime Minister, Lionel Jospin, and environment minister, Dominique Voynet, ostentatiously drove up to the weekly cabinet meeting at the Elysee Palace in an electric car (also exempted).

Atmospheric pollution fell dramatically. On Tuesday it exceeded 400 microgrammes of nitrogen dioxide per cubic metre of air, breaching for the first time the third level - "severe danger to public health" - laid down by a new law on air pollution introduced in January. Nitrogen dioxide is produced almost entirely by vehicle exhausts; it is produced in the



Breath of fresh air: A policeman confronts a Paris motorist

greatest quantity by diesels, which represent one in four vehicles in the Paris area. France now recognises that it is paying heavily for a policy of encouraging diesel cars, and subsidising diesel fuel: a policy introduced in the 1980s in the mistaken belief that diesel engines were less dirty.

Ms Voynet said the regulations had worked well but a longer-term strategy was needed. She called for tighter EU standards on car exhausts and the development of electric cars. The health minister, Bernard Kouchner, said there

should be permanent traffic restrictions in Paris, including a ban on tourist coaches.

Neither mentioned the one possible measure which might have a sharp effect: increasing the low level of tax on diesel fuel. Such a move was considered by the government this summer but shelved for fear of upsetting drivers and damaging French car-makers, still heavily committed to diesel engines.

A thousand police officers were deployed at checkpoints around and within the city. Offending motorists were warned that, next time, they faced a £100 fine. Favourite excuses included the claim that the car had an "odd" number because it started with one, or because it carried the number 75, the number which ends all Parisian car registrations.

The Metro was crowded but a Dunkirk spirit reigned. On personal observation, passengers were unusually polite to one another and almost chatty.

The Communist trade union federation, the CGT, refused to abandon a one-day, partial strike, called to demand more investment in public transport. The CGT decided, for strategic reasons, that it should apply to ticket sellers and checkers. Over half of them stayed at home. But since travel was free anyway ...

Satellite pictures, page 11

## Noah's flood may have begun in the Black Sea

The Bible story of Noah and the Ark may have had a real basis, scientists have discovered. But it was not the world that was devastated - it was early farmers around the Black Sea.

Researchers have discovered evidence that the area was overwhelmed by an enormous deluge roughly 7,000 years ago - 3,000 years before a Babylonian flood myth known as Gilgamesh, which in turn pre-dated the Biblical myth by roughly a thousand years.

They reckon the flood was caused by the collapse of a huge "plug" of silt in the

Bosphorus channel separating the Black Sea - then a freshwater lake - from the Mediterranean. The scientists reckon the incoming water would have had the force of 200 Niagara, and made a roar that could be heard 60 miles away.

More than 60,000 square kilometres of land would have been flooded within a few months. People displaced by the flood could have returned to Mesopotamia, with an apocalyptic tale that became a legend first for Babylonians and then the Hebrews.

The key to the flood was the end of the last Ice Age about 10,000 years ago, when

the first farmers began spreading from the Middle East. Ocean levels would have been lower than today due to water trapped in glaciers and the colder oceans.

Bill Ryan and Walt Pitman of New York's Lamont-Doherty Earth Observatory wondered told *New Scientist* magazine. "As the glaciers melted and the sea level rose, the ocean might have come pouring through. At first it might have been just a trickle, but pretty soon it would have cut a pretty deep channel and come rushing in [to the Black Sea]."

Charles Arthur, Science Editor

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## Terrorism Act may be watered down

A revised Prevention of Terrorism Act – possibly ending extended questioning without charge – was signalled yesterday by Mo Mowlam, the Northern Ireland Secretary, 24 hours after announcing plans to end internment, writes Patricia Wynn Davies, Legal Affairs Editor. This has prompted an angry response from the Unionists.

Terrorists are changing their tactics and the Government wants to see what lessons can be learnt from elsewhere when drafting new laws, Mo Mowlam, the Northern Ireland Secretary said yesterday.

Mo Mowlam told BBC Radio Five Live that the Government would look at how Europe and the United States were responding to terrorism. "The Prevention of Terrorism Act should go and we should look at new legislation that responds to new forms of terrorism. That is what we will be looking at in the weeks and months ahead."

In fact, Labour's lengthy opposition to the annually renewable Act – which allows police to arrest people and question them for up to seven days without charge – was reversed last year when Jack Straw, then shadow home secretary, and Tony Blair recommended for the first time in 15 years that Labour MPs abstain. But the concession came just a fortnight after the IRA bombed Canary Wharf, and a cou-

ple of months later, Labour was embarrassed by a backbench rebellion over its decision to abstain on a Bill to give police new powers to stop and search for terrorist devices.

Within days, however, Mr Straw declared that another key provision in the PTA, allowing for exclusion orders from the UK mainland, went "a stage too far" when dealing with people who had not been convicted of any offence.

Spokesmen for the Northern Ireland Office and the Home Office confirmed yesterday that the Government was looking at the future of the PTA as well as the 1973 Emergency Provisions Act, which includes the power of internment and other Northern Ireland security measures.

Keo Maginnis, the Ulster Unionists' security spokesman described Ms Mowlam's remarks as disturbing, saying: "It appears [she] has no concept of the importance of the talks process if she is determined to pre-empt every aspect of that process by vague and disturbing utterances. I find it offensive that she is pontificating about issues which should be dealt with in the talks." Changes in anti-terrorist legislation were "clearly a ransom paid to keep the IRA at the table", he added.

John Wadham, director of Liberty, urged: "The PTA and the EPA should go, full stop. We do not need a separate criminal justice system for alleged political crimes. Questions should be asked as to whether people who are suspected of bombing or killing for political reasons should have less rights than those motivated by greed. We need a fair criminal justice system for all."



Mask of terror: 'New law required to respond to new threat' Photograph: Pacemaker

## 'Searchlight' founder jailed for stealing from clients

A top solicitor, whose charity work repeatedly brought him into contact with the Prince of Wales and the Duchess of York was jailed for 18 months yesterday for plundering clients' accounts of more than £18,000.

Lewis Ruskin, 58, founder of the anti-fascist magazine *Searchlight*, used the cash to keep his ailing practice afloat. Some of it came from the estates of people who had died while the rest was taken from damages awards to a girl with cerebral palsy and a building worker injured falling off scaffolding. To conceal some of his dishonesty he "cooked the books" with fictitious documents and a forged letter, Southwark Crown Court was told. The lawyer hung his head as Judge George Bathurst-Norman told him he had effectively been trying to "milk the kitty dry".

"No matter how severe the problems of cashflow, no solicitor has the right to keep his practice afloat at the expense of his clients," Judge Bathurst-Norman said.

## Credit cards get smart

The 97 million credit and debit cards with magnetic stripes now being used in Britain will be replaced over the next three years by "smart cards" containing a microchip, following trials which began yesterday in Northampton and Dunfermline. The trials by 15 members of the banking industry, including Barclays Bank, NatWest, Lloyds Bank, the Halifax and Abbey National, will test cards which use a chip embedded in the face of the card to store the data usually held on the black magnetic stripe on the back.

During the tests, more than 100,000 new cards will be issued, and 600 retailers be given equipment able to read the chips directly. The banks say that the major advantage of the new cards is that they offer better security against counterfeiting, because it is more expensive to counterfeit a "smart card" than one with a magnetic stripe, and a chip can have extra features such as passwords built in.

For the future, smart cards offer a wide range of other functions. They could also operate as cash cards, storing "cash" in the form of encrypted numbers. The private company Mondex, which is not involved in these trials, already offers smart cards which work as "electronic purses", able to store, pay and receive "e-cash". But e-cash has had a slow uptake because financial organisations have been wary about security. Visa and Mastercard have also begun offering "smart" credit cards which can also store cash since last year.

The UK's clearing banks and building societies have 97 million cards in circulation at present, all with expiry dates in the next couple of years.

— Charles Arthur

## Roman armour unearthed

The first suit of Roman chain-mail armour ever found in Britain has been unearthed inside a Roman fort in South Shields near Newcastle. It is one of only seven complete examples known from the entire Roman world.

The suit – consisting of an estimated 30,000 iron rings – was discovered by archaeologists inside what is believed to have been a junior officer's room in a barrack block near the eastern wall of the fort. It is an important piece in the jigsaw of archaeological evidence which is shedding new light on a 1,700-year-old mystery. Excavations carried out by Tyne and Wear Museums Service have revealed that all the barrack blocks were burnt down in around 300AD. Up till now archaeologists thought they had been deliberately demolished to make way for newer buildings. Now, however, the pattern of fire damage and the fact that a valuable suit of armour was left inside one of the buildings suggests that the fire was either accidental or more probably the result of enemy action. If further analysis of the evidence confirms that the fort was attacked it would have far-reaching consequences for future understanding of the history of late Roman Britain.

It would strengthen the arguments of those academics who believe that external Barbarian attacks on Roman Britain started in the late third century AD rather than three generations later in the mid fourth.

John Lawton is definitely  
a man to watch

DAILY TELEGRAPH



'A splash of Greene, a twist of Deighton, a small measure of history... Great stuff'

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## What if ... the Blair Project really works?

**Tony Blair could be the first prime minister since Attlee to say what he means, mean what he says, and deliver what he promises. Our Political Editor analyses an entirely different style in Downing Street.**

When Ulster Unionists go into Number 10 and berate the Prime Minister, as they tend to, Mr Blair takes it on the chin and then gets down to business.

He does not grin and bear it because that is his way; it is not. But it is one of the lessons he has learnt from John Major's mistakes. It does not help to react with anger, when what you are trying to do calm things down.

The application of intelligence to the process of government is very straightforward, but exceedingly rare. Mr Blair decides where he wants to go, looks at history and past mistakes, learns the lessons, and comes up with an answer. That answer is then reduced to a straightforward message, the means of delivery are decided, and the necessary action is taken to execute it.

The Northern Ireland talks process, Bank of England independence on interest rates, the devolution referendum votes are three prime examples of the process at work.

In the election, Mr Blair made a number of key promises for implementation during the course of the current, five-year Parliament. There was a time when John Major promised that he would not slap value-added tax on fuel; a devaluation of political promise that Mr Blair is determined not to repeat.

So what if class sizes are cut to 30 or under for 5-, 6-, and 7-year-olds? What if 250,000 under-25s can be switched from benefits to work? What if NHS waiting lists can be reduced by treating an extra 100,000 patients? Of course, that would make a difference to education, the economy, and the NHS.

There are changes that are designed as a first step on a rather more significant road - leading to a reform of the welfare state that leaves more of the middle classes looking after them-



Promises, promises: Ambitious, perhaps, but the Government's programme may yet be achievable

Photograph: Brian Harris

seves and their pensions; leading to a reform of the constitution that really could create a "21st century of the radicals", with the Tories out of office as much as Labour has been during the 20th century; leading to a return of a sense of community and social values, with a restoration of the family to its former glory.

All of that, and more, is on the long-term Blair agenda, to create "the model 21st century nation, a beacon to the world". Nothing will be allowed to get in the way. When Mr Blair and his colleagues come across an obstacle, they either dismantle it, blow it up, or go round it until it can be removed.

If policy is unpopular or impractical, it is dropped; if the unions get in the way, they are sidelined, if the House of Lords threatens to get in the

way, it will be "reformed"; if the press needs to be on side, seduce the proprietors; and if civil servants are not on side, they will be shifted or "retired".

To the consternation of some officials, ministers have broken with de-

partments, loyalties, and they are actually working together, as a team, as they did in opposition, to achieve Labour's targets.

The Prime Minister's close cabinet colleagues, and his friends, say that the key to Mr Blair is his normality. But Mr Blair has another secret, too. He bites off no more than he can chew. He limits his promises to the things he can achieve, and he believes that if he delivers on the fundamentals, like education and health, people will accept any pain that might have to be taken on things like tuition fees and self-help welfare.

Mr Blair said on Tuesday: "On 1 May 1997, it wasn't just the Tories who were defeated. Cynicism was defeated."

There, on the fringe, everywhere he goes, he listens. And when he talks, he does not need high drama, or shock-horror tactics to put his case; the message on education, health, welfare, employment, and crime is kept simple and straight. Tough on crime, tough on the causes of crime was Mr Blair's first example of the art-form; not so much a sound bite as a policy meal.

## Britain takes leading role in drive to eradicate landmines

Ministers will today announce a two-pronged initiative on landmines. After a ban on new British mines and its support for moves to do the same worldwide, the Government is now promising new funds to help with clearance work. Fran Abrams reports

Tribute will be paid at the conference today to the work of the Princess of Wales against landmines as ministers reveal details of their own latest initiatives.

The move by George Robertson, the Defence Secretary, and Clare Short, the International Development Secretary, marks a recognition that there is still a long way to go on the issue.

Mr Robertson will announce the creation of a new centre to provide information and training on landmines. He will give fuller details later this month. The centre will be run by the Ministry of Defence, but it will be used by charities and mine clearance groups as well as academics. It will provide advice and assistance to organisations such as the Red Cross as well as the Halo Trust and the Mines Advisory Group, which do mine clearance work.

Mr Robertson will say: "The British army is among the world's leaders in military demining, and in Bosnia and elsewhere it is determined that its skills and experience can be applied in support of humanitarian demining operations as well. I intend to build on that by increasing the assistance which the Army gives to those involved."

Although the British army is not equipped or trained for humanitarian demining, as opposed to the kind carried out in battle to allow troops through, Mr Robertson believes his department could do more to help. However, the new centre will concentrate on giving advice and assistance to others rather

than involving British soldiers directly in the work.

Ms Short will announce in her speech in the conference that the £5m her department spends on humanitarian demining projects will be doubled to £10m over the next three years.

She will also announce a new forestry project in Indonesia which will signal the direction that her department intends to take over supplying aid to that country.

In the past, Britain has concentrated more of its aid on infrastructure programmes, often through the controversial Aid and Trade programme. It is hoped that in future more of the poorer people in Indonesia will feel the benefit.

### FROM THE FLOOR: CHERRY MOSTESHAR

Tony and Peter's religious police would do Iran proud

"Education, education, education" whatever became of you? David Blunkett's standing ovation yesterday was by no means unanimous after the opposition to university tuition fees crumbled and, some will say, university students were sold down the river.

My apologies to all the students on whose doorstep I stood and promised that there was no way the party's rank and file would allow a Labour government to charge them. Yes, there were some excellent promises made by the Secretary of State for Education yesterday, things that will give all children a real chance in life, but it left a hole at the top of the education pyramid. I have to say that I was not the only one gagging when Mr Blunkett, living on his ministerial salary, used his children as prime examples of British youth.

I'm not even considering resigning from the party this time, once these sentiments hit the news stand tomorrow Labour may well believe it has enough evidence of real disloyalty to kick me out.

Please Prime Minister, and Secre-

tary of State, stop exploiting children for your political ends. During the leader's speech even an old cynic such as me was enthused; that is until Tony did the "leter" thing. Then came dear sweet Charlie whose address to conference surely deserved a better reward than *How Green is my Valley* - I know what I would have done with that admittedly great book if it had been admitted to me at the age of 11.

But not everybody was unhappy yesterday afternoon. It was a great day for Oxford University as it saw the trade of brown-nosing by the speaker from Cambridge University go horribly wrong as he ended up opposing the motion he was supposed to support. Meanwhile, we dangerous radicals - the pensioners and me - are locked in a battle to bring down Western democracy - yes we are the anti-Trident lobby, and I am due to propose the abolition motion today.

We make no apology for preferring to see £1.2bn a year for 20 years being redirected from a mostly redundant weapons system to a decent pension for those who protected us in

the last war, and schools that don't crumble round the ears of the generation destined to live in the future that we are supposedly protecting with nuclear weapons.

Abolition of Trident has become a cause célèbre among the fine ladies of the Brighton Hove & District Pensioners Association, one militant told me: "We fought the last war, we don't want another one. Let's have the money off Trident spent on caring for the human race."

I am not one who is easily intimidated, but Tuesday was the longest day of my life as I dodged party officials angry about this column. Quite an admission for a woman labelled a maverick by Ayatollah Khomeini, Iran's spiritual leader.

Given the choice of appearing before a judge of the Islamic courts of Iran, or going off into the den of the Mandelsteens, Tehran wins every time. At least with Judge Babai I had an occasional giggle and an unspoken understanding that we were going through the motions. Come back Rafsanjani all is forgiven.

Castle's stand on pensions fails to dent party leadership

Barbara Castle took the conference by storm yesterday with an attack on the leadership over pensions which won a standing ovation but left policy unchanged. Other potential conflicts were defused.

Fran Abrams says the leadership now looks certain to finish its third consecutive conference without a single defeat.

Rebels who had hoped to inflict punishment on the Government on pensions and on student fees failed yesterday, despite rousing speeches on the conference floor. Both groups withdrew without pushing the issue to a vote after it became clear that they could not win.

In separate developments yesterday, opponents of plans to cut single mothers' benefits were denied the chance to put their case while campaigners for the renationalisation of Railtrack also withdrew without a vote.

Despite talk earlier in the week of a knife-edge vote on student fees, none happened. The story was similar on other controversial issues.

Calls for the Government to abandon plans to cut benefits for single parents also came to nothing after a decision was taken not to hold a full debate.



Stirring: Barbara Castle's speech won a standing ovation

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مکانی فیلم ایجاد

Satellite pictures that show how forest fires were started to clear land for farmers



Singapore's leading newspaper used these colour photos yesterday to make one simple point: "Indonesia's forest fires are no accident or act of nature," the daily Straits Times said.

The photos show that forests were being cleared to make way for plantations, with fire employed as the means of getting rid of the natural vegetation. They also show the fires continuing into September, by which time the smog had hit health-damaging levels.

The red areas are jungles; the green areas are clear plantation land. The artificial colouring makes it easier to see the pattern of events.

The main picture shows the area when the fires first started, with small

puffs of smoke across the area demonstrating that the fires had multiple sources.

The second picture (above left) shows the fires raging, with smoke drifting across the area. The third picture shows that the burnt area has been cleared, and is being used as farmland.

The pictures, taken by the National University of Singapore (NUS) Centre for Remote Imaging Sensing and Processing, can pinpoint the fires to 10 or 20 metres. "By just looking at the photographs, Indonesian authorities should be able to tell who owns a piece of land which has been cleared by fire, or from which plumes of smoke rise," the Times said.

## Smog-hit states point the finger at Indonesia

As forest fires continue to burn across Indonesia, there is growing anger at the country's apparent collusion in one of the world's biggest ever environmental disasters.

The satellite photographs above clearly show that, far from being accidental, many of the fires have been deliberately started by landowners as a means of clearing jungle for plantations. Richard Lloyd Parry weighs the accusations.

wearing thin," it said. "The cost of the haze is getting unacceptably high and it will get higher if not enough Indonesian officials act urgently, decisively. [The fires] are all of South-east Asia's business now."

The Malaysian environment minister, Law Hieng Ding, announced that he intends to "inform" Jakarta of the financial costs of the smog crisis. "It has caused inconveniences and brought about undue worry to the people," he said. "The people's daily lives were disrupted. Sarawak has lost millions of ringgit when it was put under a state of emergency."

"They're hinting that they want some kind of payment in kind," says a western diplomat in Kuala Lumpur. "The government is feeling far more pissed off than it is letting on."

Responsibility for the disaster is complicated by the fact that several of the plantation companies believed to be guilty of burning in Sumatra are Malaysian and Singaporean. The cleared land is used to cultivate palm oil, a lucrative commodity which can be harvested continually and which is in increasing demand worldwide for margarine. The Indonesian government itself has announced plans to double oil palm plantations to 5.5 million hectares by 2000. In forest areas where roads are few and poor, the only cheap and practicable way to clear felled trees is to burn them.

In Kuching, the capital of Sarawak, yesterday the Air Pollution Index was at safe levels of less than 100, after soaring to a record 839 last week. But there is concern about the long-term effects of exposure to the smog, and subdued resentment at the attitudes of the Indonesian government.

Sarawak has suffered serious smoke pollution before, in 1982, 1990, 1991 and 1994, although never on the scale of the last few weeks. "There will be effects on lungs and an increase in chronic bronchitis," said a doctor at Kuching's Normah Medical Centre yesterday. "As for cancer, no one knows. We won't know for 10 or 20 years."

A team of Japanese environmental experts arrived in Kuching yesterday. Several other countries have offered financial or technical assistance, including firemen from France and £100,000 from Britain. But there is cynicism about the timing of the relief effort.

"Why wait until now to allow in firefighters from neighbouring countries?" asks a retired government official in Kuching. "The answer is that the job is done now. The trees have cleared the land for cultivation, and now all they need to do is douse the embers. This is what the people in the know are saying, although they cannot say it publicly: it was deliberate. The Indonesians knew what was happening and they let it happen out of greed."

Smoke from fires on the islands of Sumatra and Borneo has blanketed the region since the summer, disrupting transport, industry and causing health problems in Indonesia, Malaysia, Singapore, Brunei, the Philippines, and Thailand. Until last weekend, the Malaysian state of Sarawak, in the north-west of Borneo, was under a state of emergency, and the haze is believed to have contributed to an air crash which killed 234 people in Sumatra last week, and to at least three collisions between ships in the busy Straits of Malacca.

A fortnight ago, President Suharto of Indonesia apologised for the fires, and unveiled measures to crack down on companies which violate a ban on forest burning. Since then, however, Indonesian plantation companies and his ministers have continued to insist that the disaster is natural in origin, caused by a prolonged drought, and the meteorological phenomenon known as El Nino.

"The country cannot be held responsible for a natural disaster. We cannot be sued," said the minister for people's welfare, Azwar Anas, on Sunday. "All experts in the world have said that this catastrophe is not only a natural disaster concerning Indonesia or one resulting from the actions of Indonesians, but it is a global disaster."

But these photographs, published yesterday in the Singapore newspaper *Straits Times*, show that many of the fires are being started deliberately for financial gain.

As fellow members of the Association of South-east Asian Nations (Asean), the stricken countries take pride in their non-confrontational approach to regional differences. But, according to diplomats and officials, the facade of harmony may be cracking as Indonesia's neighbours take account of the huge cost of the fires.

The *Straits Times*, which openly defers to the views of the Singaporean government, published an editorial this week criticising Mr Anas and his government. "The patience of Singaporeans and Malaysians is

to hell with it, that'll do



well done!  
fourth time lucky!

come on,  
it was pretty tight

yep, it was an amazing display of  
sheer parking genius.

I didn't want to  
scuff the wheels, actually

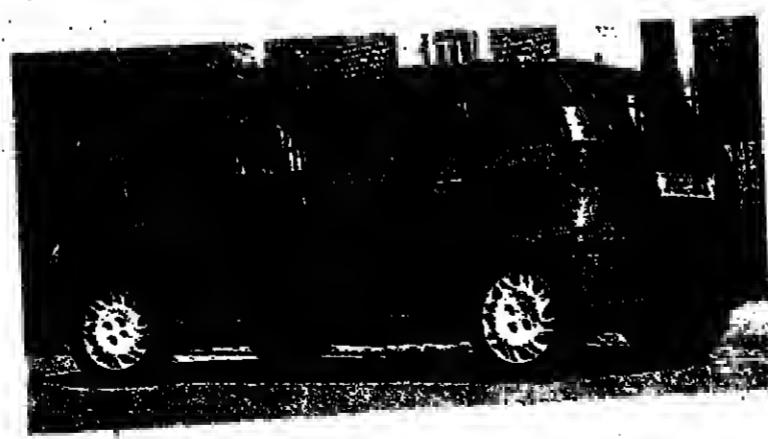
o.k. see you later then

sorry?

if I'm not at the kerb in  
15 minutes, go on without me



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## Pakistan shells kill hopes of Kashmir returning to normal

Violence rocked the troubled region of Kashmir again yesterday, when artillery shells fired from across the border in Pakistan landed in a town on the Indian side, killing 17 people. Peter Popham reports on Pakistan's efforts to increase tensions in the disputed area.

Seventeen people were killed and 30 injured in the Kashmir town of Kargil in Tuesday when artillery shells from the Pakistan side of the Line of Control between Indian- and Pakistani-controlled Kashmir fell on the town centre. A school, hotels, the market and the town's hospital were all hit when the shelling began at 3pm local time, and panic ensued in the cobbled lanes of the medieval market town, once an important Himalayan trading post, as people tried to flee.

Kargil's population is principally Shia Muslim, and a mosque was one of the buildings hit, as well as a bus stop and an electricity sub station.

According to an Indian army spokesman, 100 shells were fired in the space of two hours, and Pakistani troops later targeted the main bazaar between Srinagar and the Indian capital, Leh. Indian forces returned fire, destroying Pakistani bunkers, and the exchange of fire continued until midnight. There were further exchanges of fire elsewhere in the state yesterday morning.

Yesterday, the Kashmiri chief minister, Dr Farooq Abdullah, visited Kargil to inspect the damage, and told his townsmen, "Pakistanis do not want Indo-Pakistani relations to improve and they are creating impediments to normalising relations by resorting to unprovoked firing on civilians". He asked residents to return to their homes and resume their normal activities. "We should not be cowed by such acts," he said.

But Tsering Wangyal, 45, interviewed at a tuberculosis hospital

outside Kargil where his sister was being treated for her injuries, said: "We have had a bitter experience, and in April, too, we came under heavy shelling which forced us to flee. No one wants to go back to Kargil."

Throughout this summer the Indian authorities have attempted to persuade the outside world that the Vale of Kashmir was once again fit for foreign tourists. But although visitor numbers are well up on previous years, their efforts have been constantly sabotaged by firefights, bomb blasts and brutal army shakings.

Tuesday's murderous assault again rammed home the message that Kashmir is in a state of war. But what other purpose do such attacks serve?

Indian commentators believe that Pakistani firing across the Line of Control provides cover for Pakistan to push more armed infiltrators in before the onset of winter. Yesterday's *Hindustan Times* claimed that 1,000 militants have been smuggled in over the past five months. The militants in turn help to keep Kashmir's woes in the international spotlight.

India media were jubilant last week when President Clinton, in separate meetings in New York with the Indian and Pakistani premiers, said the magic words "We do not wish to interfere" in the Kashmir dispute.

But, Pakistan's continuing bombardments suggest they have not given up hope of luring the West into attempting to mediate.

● New Delhi (AP) — Two bombs exploded in a bustling old quarter of the Indian capital yesterday, injuring 16 people. The explosions occurred in the crowded Sadar Bazar area, where many of the city's wholesale markets are located. The bombs were placed on the roadside and were not powerful. Most of the injured were pedestrians and shoppers thronging the area. The crowds are larger at this time of the year because of major Hindu festivals in October. In July, blasts in the same area had injured 12 people. No one claimed responsibility for those blasts, but Muslim and Sikh separatists have been blamed for previous explosions.

Rising to the occasion: A southern right whale leaps out of the water in Wellington harbour, New Zealand, set against the backdrop of the city's business district. It later to the open sea.

Photograph: Mark Mitchell/Reuters

## EU Commission sets job creation targets

The European Commission unveiled a new unemployment strategy yesterday. It aims to create 12 million jobs over the next five years through ambitious targets on training and by easing the burden of taxation on employers. Katherine Butler reports from Brussels

The Commission's proposals, which controversially call for member states to judge each others job-creation performance, come ahead of next month's special EU leaders' employment summit. But they set the scene for open confrontation as that meeting between the two hand those, such as the British Prime Minister, Tony Blair, who believe

that governments ought to be tackling excessive workplace regulation, and others such as the French, who see government compliance with centrally prescribed job creation targets as an essential parallel for Economic and Monetary Union.

According to the plans outlined yesterday by Commission President Jacques Santer, governments would commit themselves to increasing the numbers of unemployed on job training schemes from the present rate of 10 per cent to 25 per cent.

Combined with a reduction in employers' contributions, these steps would, Mr Santer said, help reduce the rate of unemployment from 11 per cent to 7 per cent.

Padraig Flynn, the EU social affairs commissioner who framed the details said "The time has come to set targets and

quantify our employment goals."

He added that there would be a "moral obligation" on each member state to meet the targets they had signed up to. Governments judged by their peers to be lagging behind would be issued with specific recommendations for remedial action.

The plan acknowledges that work patterns and organisation need to be "modernised" to allow more flexible working arrangements and the possibility of reduced working time. But it also stresses that need to maintain "the required balance" between flexibility and job security.

British officials said the key to tackling the EU's unemployment ills rested in flexible labour markets and adaptable workforces while maintaining "decent" minimum standards at work.

## Italy's government set for showdown

Rome (Reuters) — The Italian government stopped work yesterday and said it was ready for a showdown with its rebellious hardline ally, the Communist Refoundation, a move which could cause the collapse of the coalition.

The Prime Minister, Romano Prodi, prepared to meet President Oscar Luigi Scalfaro to discuss the crisis that threatens the first Italian government to include the left since the Second World War.

Mr Prodi told union leaders earlier that his majority was in jeopardy after the Refoundation refused to back his 1998 budget, which the government considers essential to secure Italy's membership of the single European currency. The hard-left party, which has ensured Mr Prodi's majority in the lower Chamber of Deputies, says the budget contains unacceptable cuts in welfare and pensions. Without its backing, he may not be able to get his budget passed and his 17-month-old government would be at risk.

## UN withdraws team from Congo

The Secretary-General of the United Nations, Kofi Annan, is withdrawing a human rights team from the Democratic Republic of the Congo pending clarification of whether President Laurent Kabila will allow them to investigate alleged massacres.

The Secretary-General has decided to withdraw the UN human rights team for consultations pending final clarification from the government on its policy, spokesman Fred Eckhard told reporters. "The team in Kinshasa has been unable to carry out its mandate."

## Abacha on TV

The Nigerian military ruler General Sani Abacha confirmed his grip on power after rumours of sickness. Gen Abacha, in a broadcast marking 37 years of his country's independence from Britain, told dissidents to back his plan to restore civil rule in 1998.

Those watching his television broadcast said the 54-year-old infantry general looked tired and seemed to have lost weight, but did not appear to be at death's door with cirrhosis of the liver, as opposition publications had claimed.

— Reuters

## US trade deals

The request by the United States President for congressional authorisation to negotiate new trade agreements, a top priority of his second term, cleared its first legislative hurdle. The Senate Finance Committee approved the measure by voice vote.

Bill Clinton is seeking so-called fast-track negotiating authority to expand the North American Free Trade Agreement with Mexico to other countries in Latin America and beyond. He has been criticised for emphasising trade agreements over worker rights and the environment. — AP

## Croatian code

Croatia unveiled a new penal code allowing the prosecution of journalists for reports considered "insulting", even if they are factually correct.

The revised code is intended to take effect 1 January next year and follows international criticism of curbs on the media in the former Yugoslav republic. Lack of media freedom was one of the reasons cited by the Council of Europe when it delayed Croatia's admission for several months last year.

— Reuters

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## Milosevic plays hardball as unrest grows in Serbia

Slobodan Milosevic is on the offensive again. On Tuesday night the wily Yugoslav President engineered the sacking of the most popular of his opponents as mayor of Belgrade.

Yesterday, his riot police broke up a peaceful demonstration in the tense southern province of Kosovo.

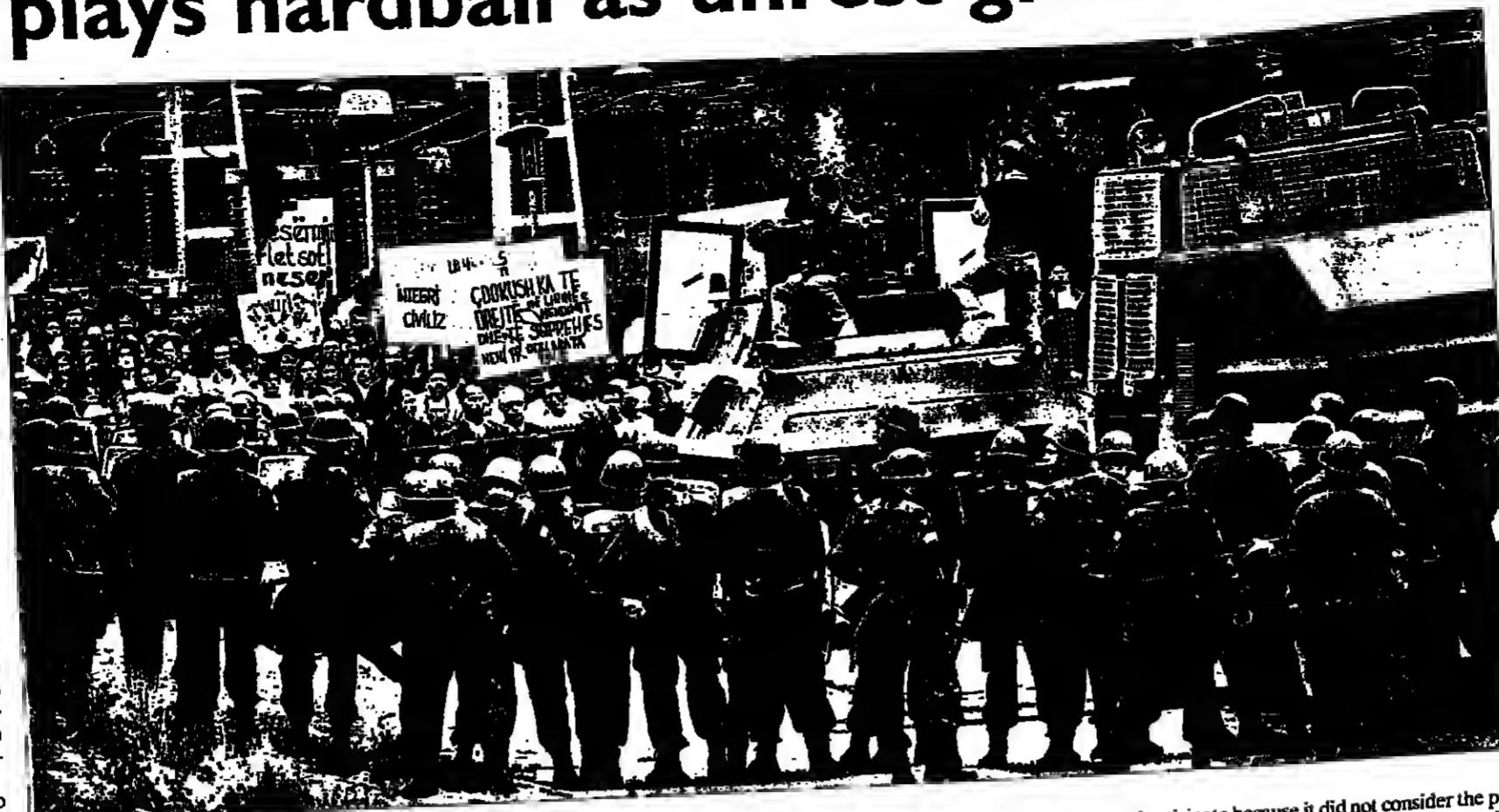
But, as Andrew Gumbel reports, this tough line is a high-risk strategy.

It was not so much a sacking as a coup. The Belgrade City Council meeting that voted to dismiss Zoran Djindjic on Tuesday night was called without the consent of the mayor of Belgrade and was boycotted by his Democratic Party.

What had, for seven fragile months, been a beacon of democracy in Mr Milosevic's autocratic Serbia suddenly turned into a cabal of extremists and nationalists bent on wresting control of the capital for themselves.

Along with Mr Djindjic's seat, they also took over the capital's biggest independent television station, Studio B, interrupting news coverage of the sacking and replacing it with a non-stop diet of music videos. The two acts so incensed the citizens of Belgrade that thousands of them spontaneously appeared on the streets blowing whistles, just as they did every day for three months last winter.

It was not a joyous protest, however, as



Iron fist: Serbian riot police facing hundreds of ethnic Albanian demonstrators in Pristina, Kosovo. The police used tear gas to disperse the protesters, mainly students demanding the return of Albanian-language tuition in local colleges.

Photograph: Srdjan Ilic/AP

### WHY THE WEST MUST ADMIT ITS ERROR

Two apparently contradictory tides are pulling at the Balkans. In Serbia, Slobodan Milosevic has decided to exert an iron grip on political life and snuff out the one beacon of democracy – the Belgrade city council – in any position to oppose him.

In Serb-held Bosnia, by contrast, we are seeing the first tentative steps towards pluralism, as S-FOR troops deny the hardliners in Pale their stranglehold on the media and a second power base emerges in Banja Luka under

the Bosnian Serb President Biljana Plavic.

This is almost a 180-degree flip from the political environment in the latter stages of the Balkan wars, when Mr Milosevic – rightly or wrongly – was considered the man

who could knock heads together and talk the Bosnian Serbs into accepting a peace treaty, while the Bosnian Serbs themselves were seen as extremist, monolithic and unreliable.

The West was almost certainly wrong to put so much

store by Mr Milosevic, tolerating the authoritarian, gangster-ridden regime he established in Serbia and Montenegro into the bargain.

It was forced to admit some of the error of its ways last winter, when students and opposition street demonstrators pushed Mr Milosevic into a humiliating admission of defeat in Serbia's municipal elections. And it should admit the same thing now, so that Mr Milosevic stops short of the absolutist solution he seems to be inching towards.

as the betrayal of his comrade-in-arms from last winter, the quixotic nationalist Vuk Draskovic, who has abandoned the opposition, where his popularity was slipping badly, and joined forces with the government.

The two men have quarrelled ever since their victories in last November's mu-

nicipal elections were recognised at the end of the winter protests, bringing the alliance they forged to an acrimonious end and permitting Mr Milosevic to retain his grip on power.

In the parliamentary and presidential elections that took place on 21 September, Mr Djindjic's Democratic Party did not par-

ticipate because it did not consider the poll fair. The political wind did not all blow Mr Milosevic's way, however. He failed to clinch an outright majority in Parliament, and his candidate for the Serbian Presidency, Zoran Lille, failed to be elected in the first round.

The run-off, pitting Mr Lille against the

ultra-nationalist leader Vojislav Seselj, is due this Sunday, but there is a danger the whole contest could be declared null and void if less than 50 per cent of the voters turn up.

There were even more violent clashes yesterday in Kosovo, where students from the majority Albanian population took to the streets only to be beaten back by Serb riot police.

The authorities had given specific promises to foreign embassies in Belgrade that no violence would be used. But heavily-armed riot police used tear gas and clubs to break up a huge protest in Pristina by ethnic Albanians against Serb repression in the worst clash between Serbs and Albanians since Serbia stripped Kosovo of autonomy in 1989.

The protesters were mostly ethnic Albanian students demanding a right to return to Albanian-language education at university.

## Nato seizes TV transmitters run by Karadzic allies

The peace-keeping force in Bosnia yesterday made its toughest strike yet against Radovan Karadzic and his acolytes. They seized four television transmitters under Serb control, closing their virulently anti-Western broadcasting service. Andrew Gumbel reports.

Hundreds of troops belonging to the Nato-led Stabilisation Force, or S-For, swooped on the transmitters in the dead of night and ringed them with armoured vehicles. The operation all but muzzled the media power of Mr Karadzic, who is wanted on international war crimes charges.

It also handed a major propaganda victory to Mr Karadzic's rival, the Bosnian Serb President Biljana Plavic, who since July has headed a revolt against the leadership in Pale from her stronghold in Banja Luka in northwestern Bosnia. According

to Nato sources, she was immediately offered control of the four transmitters – which included one on Mount Trebavac just above Pale itself – but was still deliberating yesterday whether she wanted to take up the offer.

The political struggle between the two rival factions has largely been fought over television. Until yesterday, Mrs Plavic controlled the airwaves over around 40 per cent of Bosnian Serb territory, winning praise from the international community for allowing an untroubling editorial style on news items.

Two of the transmitters

seized yesterday, near Doboj

and Bijeljina, were the subject

of a bitter struggle for much of the last week of August. At that time, S-For first seized them on behalf of Mrs Plavic, then

gave them back to Mr Krajisnik

as part of a deal to encourage

the Pale Serbs to withdraw

their threat to boycott last

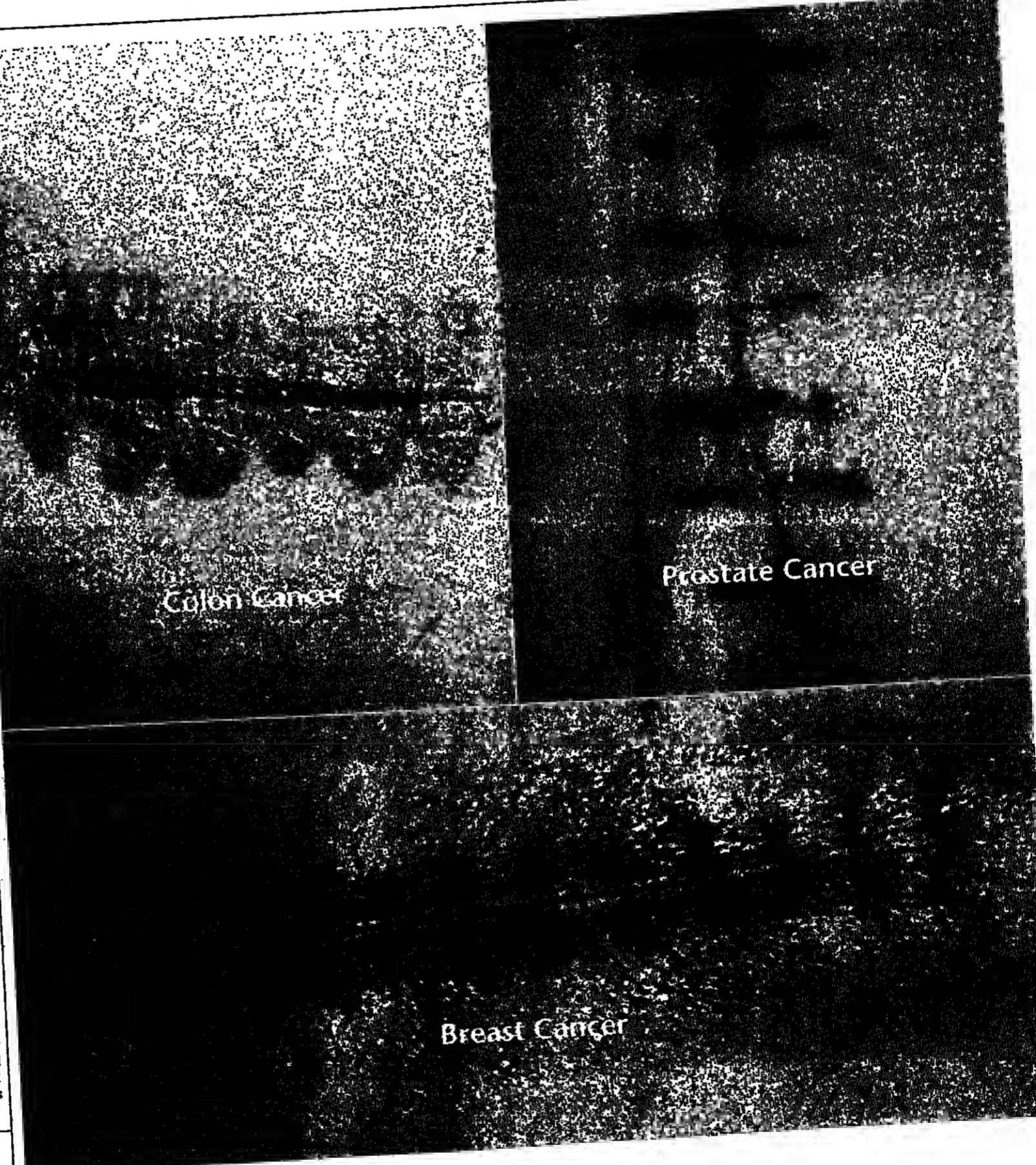
month's municipal elections.

Yesterday's action provides

vital clues to Western govern-

ment thinking on Bosnia. Os-

tensibly, the transmitters were



### It's much easier to cut out meat

According to official statistics, cancer is the cause of one in four deaths in this country.

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## Ministers rally to the call of Bill to ban hunting

A Cabinet minister last night was among more than 20 ministers who gave their backing to a Labour backbencher's anti-hunting Bill. Colin Brown, Chief Political Correspondent, discovered the supporters with their tails up.

David Clark, the Chancellor of the Duchy, led more than 20 ministers in backing the controversial Private Member's Bill to ban stag and fox hunting with hounds as campaigners rallied their support at the Labour Party conference in Brighton.

Supporters of the Bill said that they moved a fringe rally, chaired by Lauren Booth, the half-sister of Cherie Blair, inside the security area at the conference because of the threat of disruption by pro-hunt protesters.

Ministers who have added their names to a wall of posters in support of the Bill at the conference centre include Peter Hain, the minister for Wales, and Nigel Griffiths, the trade minister. Supporters said they also had backing from Glenda Jackson, the London transport minister, and Ron Davies, the Secretary of State for Wales.

The growing ministerial support was being used by the campaigners to deny reports that the Government was determined to kill the Bill in the Commons

before it reached the Lords, where it could delay other business. Michael Foster, the Labour MP for Worcester, who is sponsoring the Bill, said he was "baffled" by the reports, and had assurances yesterday from ministers that they were untrue.

Two former political researchers for Labour ministers are behind the strategy to build support inside the Government. Ben Lucas and Colin Byrne, senior executives with two top public relations companies, are working respectively for the Royal Society for the Prevention of Cruelty to Animals and the International Fund For Animal Welfare. The League Against Cruel Sports is also behind the Campaign for the Protection of the Hunted Animal.

"There is no government plot to kill the Bill. These stories have been put about by the pro-hunting lobby," Mr Byrne said. Their strategy will seek to link the campaign against hunting with Tony Blair's campaign to modernise Britain, and they said that William Hague, the Tory party leader, was "in danger of isolating himself" in opposing the ban on fox hunting.

"If there is a defining issue for Tony's message about modernising Britain, this is it. It is an incredibly new Labour issue. Apart from ministers, it is supported by many MPs from the new intake, such as Mike Wills, Lorna Fitzsimons, and Phil Wootton, who was on Tony Blair's campaign team," Mr Byrne said.



Third class travel: From now on, calves being taken to slaughter will have legal protection

Photograph: Geraint Lewis

## Rules make slaughter trips more humane

New rules came into force yesterday to protect farm animals being carried on long lorry journeys to slaughter on the Continent. Nicholas Schoon explains how they will work

The rules, to be reviewed after a year, implement a 1995 European Union directive six months late. Half the Union's member states failed to meet the legal deadline for implementing this directive through their own laws.

Animal welfare minister Elliot Morley warned: "I intend to make full use of the new powers in the legislation which allow for the withdrawal of the authorisations of transporters who break the rules."

Livestock traders taking cattle, sheep, pigs, goats or horses on journeys longer than eight hours, or anywhere by sea or air, now need a government licence, and to date more than 300 have been granted.

They will also have to file journey plans detailing rest and food breaks and ensure employees accompanying the animals have enough training and experience to handle them properly. The new law lays down maximum times spent on the road and minimum rest periods.

Peter Stevenson, of the campaign group Compassion in World Farming, welcomed the rules. But he pointed out that farm animals could still be taken down to Spain and Italy in very long journeys, provided they had a day-long break in the middle.

"The only humane solution is to stop this overseas trade in live animals for slaughter altogether," he said.

The European Commission is also more than a year late in producing detailed specifications for lorries which carry farm animals. In their absence, Britain will continue with its own 22-year-old vehicle standards for live animal transport. Mr Morley said the Government would step up the pressure on the European Commission and other EU member states to agree on these specifications.

Young farm animals can travel for nine hours before a minimum rest period off the vehicle of one hour, followed by a further nine hours' travel. Adult cattle and sheep can travel for 14 hours before a minimum rest of one hour, followed by a further 14 hours' travel.

Live cattle exports from Britain have ceased following the BSE ban on UK beef exports.

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مكالمات من الأصل

هذا من الأصل

Here are three projects to lift the spirits, particularly spirits trapped in the houses they already occupy: a glass dining room, an extension that takes a house's inside outside and, perhaps most pleasing of all, an idea that turns a bland basement window into a work of art. Not simply a matter of let there be light; also let there be excitement. Nonie Niesewand talks to the architects on site.

An extension to your house built out of glass? The word conservatory comes to mind, closely followed by the names Merchant Ivory. Isn't every glass structure attached to every house you've seen redundant of the past? Too hot or too cold. Too bright or hazy with condensation and dependant on a skeleton of wood or metal.

If that is your idea of heaven, so be it. But there are other possibilities that are more exciting, more practical, more modern. The structure shown here has none of those old conservatory characteristics.

The secret is partly with the architects, but mostly it lies in the glass. Pilkington's K glass is coated in silicone; it doesn't overheat and it has the best UV factor of any glass tough enough to form a facade. Silicone sealing makes joints invisible. And look! No glazing bars!

The Royal Institute of British Architects, a search of potential winners of its Stirling Prize, has chosen a handful of small-scale extensions to town houses. Here are three of them. Interestingly enough, they're all dining rooms - just when you thought kitchens had swallowed them up ever.

**Glazed dining room extension on a Georgian house**  
After moving somewhere smaller once their five children had grown up and left, architect Canby Ash's parents wanted more room for their five children and grandchildren to meet. Their friendly take-style kitchen ended in an L-shape with a large picture window installed in the sixties, when the place was used as a nursery school.

Rather than close off the pretty garden with its well-established cherry tree, Canby Ash and fellow architect Robert Sakula determined to wrap one side of the kitchen with a glazed front extension, sheltered by a cantilevered glass roof. Pilkington K glass, with its silicone joints that obviate the need for glazing bars, gave them scope to shape the conservatory in a very intricate, geometric way.

"Silicone glazing opened a new way of thinking and let us use glass in a skeletal way," says Ash. Each glazed wall panel just slightly alters the angle or lowers the height to join on to the next, like a great glazed caterpillar - all the more remarkable when you consider that glass is straight, flat, hard and cold.

To match the evolutionary path that the extension takes, the giant cantilevered roof



The pterodactyl in the garden: a grade II listed building in North London grows a glamorous tail, a glass dining room where ingenuity and new technology are brilliantly combined

Arcad

## How the need for a dining room becomes a triumph for the spirit of enlightenment

above is jointed at different angles like a giant pterodactyl wing. The staggered gradient means that the glass extension goes from the full height of the first-floor landing down to the relatively low garden entrance that matches the height of the remaining picture window. Acid-etched egg shapes on each roof panel cast interesting opaque reflections at night when small halogen up-lighters set in the slate floor beam up at them. Heating runs under the slate floor which extends into the terraced garden in great zig-zags. These simple cut-out shapes help to extend the boundaries be-

yond the new glass extension and link outside with in.

The Ashes say that sitting in their new extension is like being in the garden which envelopes them. Even better, the heat retained in a typical sheet of double-glazed K glass is equal to that retained in a brick wall. As Canby Ash says: "You're not throwing money through the glass."

**Contract Value: £16,000**

**RIBA jury comments:** "... creature-like image of F wings of the roof in glass ... a guil-

lotine of glass slicing through the slate paving ... crafted detailing".

**A dark basement dining room sees the light**

A new building opposite blocked what little light there was in the basement dining room of a London couple's flat. Rather than live with the lights on all day the owners commissioned the architect Nick Coombe and designer Jonathan Stickland to solve the problem. Caroline Yates, who teaches at Prue Leith's cookery school, identified Stickland as a designer she liked from his set-squared filo pastry cases on her course.

He replaced the original sash window with 10ml toughened plate glass, etched on one side, which spans one metre. It swivels within the plastered niche, cantilevering above it to shield the pavement grilles or coming down at an angle like a shade to diffuse the light. They dug deep into the plasterwork and angled it interestingly to frame the installation. A single down-lighter halogen beam - which they call the "soap ladle" - highlights the sculpture. Stainless steel spikes protect the toughened glass of the long horizontal window at pavement level. It was difficult to get planning permission but Stickland argued that rights to daylight are not a planning issue.

**Contract Value: £10,000**

**RIBA jury comments:** "... minimal impact on the street ... an example of what can be achieved on a modest scheme through detailed design".

**Taking a dining room into the garden**  
Like every modern architect, Chris Wilkinson dreamed of building his own home from scratch. But the reality and difficulty of finding a site - and then the time to actually build - meant that when the family moved home last year, they bought a Victorian house in Dulwich, South London, and decided to extend the dining space to house their Charles Eames table. Rather than make the distinction between inside and outside too obvious, Wilkinson decided to extend the white-plastered party wall from inside the dining room to the garden

wall outside, as well as the sandstone floor. This makes the extension more like a room installation than a patio adjoining a dining room. Pilkington K glass joined with silicone seals practically make the walls disappear. "Besides," says Wilkinson, "it's got the lowest UV rating." Indoors, a glass panel within the roof has a chamfered frame like a light-box, angled to bring the sky indoors by day. At night it makes a spectacular frame for the fibre-optic sculptures that his sculptor wife, Diane Edmunds, makes. Both of them were inspired by the way in which the American sculptor James Turrell uses structure to capture light. The flat roof is emphasised with a steel joist profile and at one side a piece of architectural ironmongery jutting from the roof has a long chain carrying rainwater down it into a deep channel that demarcates the terrace. *Architects' Journal* gave Chris Wilkinson their recent cover story for his celebrated public projects, which include the Stratford railway station, where the Jubilee line terminates, as well as the recently opened Stratford Market train shed, the Challenge of Materials gallery at the Science Museum, the South Quay footbridge in Docklands, the Tyne Millennium bridge as well as Science World in Bristol. No wonder Chris Wilkinson calls the dining room extension to his Victorian family home a "very minor project".

**Contract Value: £35,000**

**RIBA jury comments:** "... stealthy detailing ... a new and airy relationship between the house and garden ... refinement and restraint".



The basement that rose above itself: a boring, sightless window is transformed into something to behold  
Photograph: Arcad



The inside-outside room: an architect treats himself  
Photograph: Arcad

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ARAD

### Walking on egg shells

Who would have thought, when I revealed the plans in *The Independent* (August 22) for an innovative house in Hampstead, it would stir up such a storm? Objections to it are based on the unusual plans for the house's construction: two shells - a world away from four walls supporting a pitched roof with a chimney which is still the way that children draw houses. Its potential neighbour on Courtney Avenue, the architect John Siebert, calls it a "broken egg". "Futuristic house will dwarf ancient woodland" was the unrealistic headline in the *Hampstead & Highgate Express*.

The truth is that unlike the 70-year old house it would replace, the Arad one reveals ancient woodland behind. Stung by the aggravation on the avenue, Arad's clients wrote to all the residents to explain why their family wanted to live in a modern house, and added that they admire "the beautiful gardens and majestic trees of Courtney Avenue, the jewel in Kenwood's crown".

Having embraced local residents' complaints, the *Ham & High* have now canvassed more positive opinions. One says he

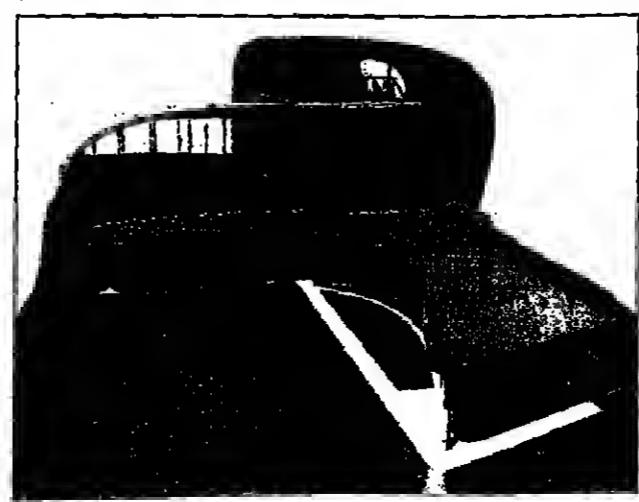
wants it to go ahead so that history isn't frozen; another calls it an interesting sculpture between the trees. A journalist reminds the doubters that one of the delights of living in Hampstead is "the rich mix of domestic architecture", adding a reminder that Lubetkin built there and that Goldfinger's house in Willow Road is now a popular National Trust property.

English Heritage huffed in a group of experts last Friday to check out whether the demolition of a 70-year-old Walter Quennell house was support-

able. It's not official, but it's no secret that they now approve of Arad's scheme.

Now there is an air of reconciliation in Courtney Avenue. The architects have built a scale model to explain - over tea and sandwiches - the building's unusual geometry to residents. Will Harringay Council give planning permission? Arad exudes a quiet optimism. Five years ago the project would have been doomed; now he thinks that maybe, just maybe, it has a future.

Nonie Niesewand



## THE INDEPENDENT INDEPENDENT ON SUNDAY



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## For a Carpenter, it's still yesterday once more

For Richard Carpenter there's no escape: fourteen years after the death of his sister Karen he's still her captive. "Can somebody who wrote and arranged 'Goodbye to Love' really be square?" he asks. To which question, says June Lawrence there is only one answer.

The waiter is becoming extremely stropy. No, the American gentleman really can't sit and have photographs taken of him playing on the lounge piano. Hotel policy. Anyhow who did we say he was again? Clearly it's time for the definitive vocal reminder. "Every sha-la-la, every whoo-oh-whoa..." does the trick. The penny drops immediately. Oh, THAT Richard Carpenter. Ginger without Fred. Wise without Morecambe. Richard without Karen. Sad, sad, sad.

"I always felt that my role was to be in the background," he says, recalling the heady days when the Carpenters racked up twenty hits among the top 40. She with the flicked back hair and the maxi dresses, him bobbing behind the keyboards. So applepie wholesome, so very square.

Over 20 years on, he minds being called "square". Surprisingly he still minds. "I'm not square" he counters in nervy fashion. "Anybody who can come up with, not only the song, but the arrangement to 'Goodbye to Love' isn't square. I think those cheek-to-cheek shots of us didn't help the image whatsoever."

Now, approaching 51, Richard Carpenter looks - well - square, in his diagonally patterned acrylic jumper and grey flannel trousers. His hair with its incipient balding patch is neatly parted in prep school fashion. And for a man who need never do anything, ever again, except pick up the constant stream of royalties cheques, Mr Carpenter appears remarkably lacking in confidence. He is polite, suspicious and palpably vulnerable. His American manager hovers protectively only two feet away. My questions bring on the same eye-swivelling anxiety Darren of *Bewitched* had when he feared his wife was about to turn him into a plant. Richard is uncannily like Darren.

When his sister Karen died of a heart attack brought on by her anorexia nervosa in 1983 the Carpenters had sold over one million records. Their popularity had dipped but if Karen were alive they would still be recording today. Or that's how Richard sees it. "We'd be making more albums, spend more time in the studio and do an occasional tour. Summer tours, a week per venue, every other year a UK tour." It sounds so planned and present tense, it's as if Richard has never fully adjusted to what actually happened.

Now married, he has four children but still lives in the same LA suburb of Downey the Carpenter family moved to when Richard and Karen were teenagers. Much has been written and hinted at about the disturbing closeness of their brother-



Richard Carpenter, blowing his own trumpet - but still best known as brother of the more famous Karen, below

Photograph: Nicola Kurtz

sister relationship.

Even now the interest in the Carpenters' phenomenon hasn't abated. There are three new American documentaries currently in the pipeline.

"We spent a hell of a lot of time together," he says uncomfortably. "But weren't they uncommonly close?"

"With the exception of the occasional squabble we always got along very well as kids and growing up. It was a damned good thing, cause we were together in the studio and together out on the road." Perhaps it's a loss he will never get over? "Have you ever lost a brother or a sister?" he asks.

Despite the millions of times he's talked about it over the years, the pain still seems raw. "I hear the only thing that's worse is losing a child, which I can well imagine. That great voice, that great lady, gone at 32. I don't see any rhyme or reason for it." He must have known how seriously ill she was. "I could see it in her eyes. But even though you say to yourself 'You can die from this, you never really believe it's going to happen.'"

Unprompted he volunteers that he still feels guilty about the other emotions he went through after her death. "It was a lit-

tle bit selfish of me. In addition to everything else I thought of all these songs yet to be recorded which she was not going to be able to do." In recent years he has spent most of his time producing other people's records. Nothing he has composed has enjoyed the success of the Carpenters in their heyday.

His "new" album - Richard Carpenter, Pianist, Arranger, Composer, Conductor - is (bar two new tracks) an instrumental reworking of all the old songs. Why go over old ground? "If I just took the original arrangement that would be a travesty to Karen's memory, but this is a whole different animal from the Carpenters records." You might say he's cashing in. "They're my songs you know" he retorts defensively in particularly Darren-like fashion. "I have as much right as anybody to record them, I knew as I was making it that people would be popping at me. But if I tried to spend my life pleasing everybody I'd be in a loony bin." Would Karen approve? "Absolutely - I can't stress strongly enough how much she would. She was my number one supporter. She would love some of the changes I've put on. She was in it spirit without a doubt."

In November there's another compilation album, *Carpenters: The Love Songs*. With so much energy still devoted to songs that he wrote many years ago perhaps he worries that's his lot?

"Of course I do. I guess Karen had me making it at a younger age. I don't know, I don't think the well's run dry. You see I



haven't really tried a great deal. When I do sit down and try it turns out to be something that doesn't really satisfy me. I think a number of people go through that though, Tchaikovsky had it."

That he says is about to change. He's now working to a deadline and has a new

song "rattling around" his head. "It's a tribute to Karen - as a human being and as a singer." He has never wanted to work full time with another singer. "I've worked with the best," he says simply. "If people are really talented it comes out sounding effortless. But it's not easy." Demonstrating this, his eyes focused on some point into the middle distance, he sings the whole of the first verse of "Goodbye to Love", picking the air as he reaches "All I know is how to live without it".

When their biopic was being made Richard informed the producers that, at the same time Karen had been struggling with anorexia, he had been addicted to Quaaludes. "It was a big deal for me so they revised the script and the word came back. 'If Richard feels he has to have this in here then we'll put it in.' There was nothing I wanted more than not having it in there but I felt it was the honourable thing to do. I was coming off like a boy scout and I wanted to be an upstanding guy and not have everything blamed on Karen."

Richard Carpenter: Pianist, Arranger, Composer, Conductor is out now. *Carpenters: The Love Songs* is released on November 10th.

ANN TRENEMAN

### Serve myself? What a gas!

Filling my car with petrol the other day I somehow managed to douse myself in it. I looked around for someone to tell a self-immolation joke or two, but only found the usual array of grim-faced types brandishing nozzles. I waited in to pay, and the man behind the counter did not even register that he was serving a human petrol bomb. "Sixteen pounds," he grunted. It was enough to make you want a cigarette very badly indeed.

So it was with a sense of relief that I read that Shell are bringing back the pump attendant. I plan to be first in the queue. "Can I help you?" the young and rather muscular petrol pump attendant used to ask as I drove up. And, of course, he could. There were tanks to fill, windows to wipe, oil to be dipped. Now the only service-type humans on hand at petrol stations are the grunting ones who barely look up as they take your money.

They call it "self-service" but I just call it rude. It is hard to think of a shop where you have to do so much for yourself. Do restaurants insist that you whip up your own lunch?

"The last thing women want to do is pump their own petrol," said Phil Turberville, a Shell executive turned pump attendant who launched the company's "pit stop" initiative. This is, of course, deeply sexist but sounds OK by me. I can remember the day my colleague Barb gasped: "Fill my own tank! Why would I want to do it for me?"

In recent years there has been no one in Britain to serve the cars of this world. Kathryn Pope, brand development manager for Shell UK, understands this because Shell has been analysing its customers.

"Price is not the driving force for most of the UK," she says. Instead the company identified six customer attitudes. There are those who buy brand names and those who don't care. Some are guided only by price while others will not queue. Finally there are "low confidence drivers" and the bolder, "relaxed" type.

Ms Pope would not spell out who exactly would go for service over price, say, but Barb, for example, is more than a little impatient, hates getting dirty and likes to feel valued.

In some countries it is illegal to pump your own petrol. The idea is to preserve minimum-wage jobs but the result is that drivers get to sit back while someone else does the dirty work. It's the kind of thing some of us human petrol bombs could get used to very quickly indeed.

## My daughter won't love me unless I give her £100 to go shopping

### VIRGINIA IRONSIDE



**DILEMMAS**  
Andrea, a struggling single parent, is upset by her 14-year-old daughter's demands for money: £100 for a shopping trip with rich friends. If she doesn't cough up, the girl says Andrea doesn't love her. Andrea could ask the father, who's never paid upkeep, but she feels so miserable she's had to take time off work with depression.

Andrea's daughter is growing up. Grown-ups want to have money and spend money, but Andrea's daughter has to learn that money doesn't grow on trees. It has to be earned. And Andrea ought to sit her daughter down and show her exactly where the money goes. After all, the poor child probably doesn't know what a gas bill looks like - she probably thinks gas and electricity just come whizzing into the house, like air. Does she have any idea what poll tax is, or how it's spent on street cleaning and libraries? Does she know how much prescription charges are? Does she realise that every time the washing machine is used, more money is going down the drain, along with the dirty water along with the expensive washing powder? Does she realise that baths and heating and all the other things she takes for granted, cost money? If Andrea could ask her advice on her budget and suggest how they cut down, it would also give her daughter much more of a sense of responsibility. "How are we going to find a little bit more money?" is the question to ask, not "How am I going to find money?"

Fourteen-year-old girls are not incapable of earning money, either, and by car-washing, newspaper-delivering, baby-sitting or walking other people's dogs Andrea's daughter could probably scrape up enough of her own cash to spend on clothes and sound systems, with only a small amount added by her mum. Her daughter isn't greedy, just a normal 14-year-old growing up. If she didn't begin to want to be financially autonomous at this age, and wanted to remain dependent on Andrea choosing her clothes from charity shops, then Andrea would indeed have something to worry about.

There are two other factors here. Why on earth has the father never paid a bean towards his daughter's upkeep? And why is the poor daughter who has to go cap in hand to him? It sounds as if she hasn't had a lot of contact with him, and to have to crawl off to him asking for cash would be incredibly humiliating. It's difficult enough for adults to ask each other for money, but 14-year-old girls are pretty much incapable, unless it's from a close parent. She may feel that by asking her father for money she would risk losing what little affection he has for her, anyway.

No, it's Andrea who, with her ex-partner, conceived the child, and it's Andrea who ought to take the responsibility of meeting the father and having a talk about extra funds. Indeed she should have done this a long time ago, and, if it comes to it, she ought to be consulting a solicitor about this preposterous situation and, if need be, taking him to court.

The other factor is Andrea's unfitness. It seems that she feels completely powerless about this situation, and retreats into depression, losing yet more money by taking time off work and staying at home crying. She should see her doctor, for a start, and see whether he or she could arrange a visit to a sensible, pragmatic counsellor who specialises in sorting out fairly simple family problems without delving deep into her past.

Andrea needs to take control. Her daughter's wail that her mother doesn't love her is part typical manipulative teenage emotional blackmail, but part, I think, a longing for her mother to pull herself together and be a proper mother, a mother who can make firm decisions, and take more initiative.

### WHAT READERS SAY

#### Encourage your daughter to use money sensibly

Discussing your anxieties with your daughter is crucial. The more involved she is in discussions about budgeting and paying bills, the more aware she will become of your position.

Like her, I am the daughter of a low-income single parent, and although my siblings and I were clothed and fed, there simply wasn't enough for any "extras". We were encouraged therefore to finance our own treats and non-essentials with odd jobs and part-time work.

Although I was often jealous of my better-off friends, I am now at an advantage, as my experience of budgeting on a low income is valuable in my life as an impoverished university student.

Don't let your daughter use emotional blackmail on you, and encourage her to become financially aware and independent - she will be grateful in the long run.

R Meek, Hove

#### Be firm: you can't give her all she is asking for

Your daughter is trying it on. Treat her as a young adult and explain that you cannot possibly give her what she wants, and that the financial pressures are making you ill. But be firm: no means no.

She will (though it won't happen overnight) remember the sacrifices you made over the years. But mostly she will remember the special love between you both: that sort of love never fades.

Sandra Harper, Belfast

#### Both of you need a bit of help - and love

I do not think it is altogether fair to describe your 14-year-old daughter as "greedy". At this age, she is probably unused to managing money - and has no concept of your struggles to cope.

Give her a fixed allowance, and open a bank or building society account for her. Get your own life better sorted. No one

can work non-stop with no breaks - go for a full-time job.

Remember, your daughter is like a fledgeling. You both need love and help.

Gillian Rivaz, Alderney, Channel Isles

#### Your daughter is a normal teenager - a bit spoilt

I have just suffered two or three awful years of mid-teen revolt (or revolting) from my second daughter. At 17 she is still spoilt, but gradually becoming much more relaxed and a good companion. Teenage girls can be real bitches...

Andrea's daughter sounds a little bit spoilt, and is possibly taking advantage of the long-term situation of her mother. In fact, she's just "tying it on" with demands for money to keep up with her friends and has calculated how to hurt her mother the most. It just shows she's growing up and needs to be independent in some ways. I honestly doubt that her friends really have so much to spend on

one shopping trip - it sounds like bravado and showing off among the peer group. Most girls love browsing, trying on clothes in innumerable boutiques, ending up with a small top for £10. This can be good fun, I'm assured.

Suggestions. Andrea explains in a "grown-up" fashion why she can't afford vast sums - tells her about the bills, earnings and so on. Could the girl be given a small clothes allowance (Mother decides how much, and shouldn't be pressured into more than she can afford)? She could be paid small amounts for "extra jobs" such as window cleaning or car cleaning if she's willing, just to give her an idea of finances. She may well refuse - but at least it's been offered.

Basically, Andrea needs her daughter on her side so that they can support each other. She must be firm with her, so that the girl understands the situation.

Her daughter just sounds the normal teenage pain, but this could be hard to handle alone.

J Hunter (Mrs), Southampton

### NEXT WEEK'S DILEMMA

I always thought we had a pretty normal childhood, but my sister has suddenly revealed that our father sexually abused her when she was nine or ten.

Apparently he crept into her room and fiddled with her at night, and she never told anyone.

I was around then, and noticed nothing, but who am I to believe, and whose side should I take? My father denies it totally, of course (and is dreadfully upset) as does my mother. My sister just shrugs her shoulders and says she never wants to see either of them again.

Judith

What can I do? I feel loyal to both of them, but I'm in such a difficult position.

Judith

Letters are welcome, and everyone who has a suggestion quoted will be sent a bouquet from Interflora.

Send comments to me at the Features Department, 'The Independent', 1 Canada Square, Canary Wharf, London E14 5DL (fax 0171-293 2182) by Tuesday morning. And if you have a dilemma of your own that you would like to share, please let me know.



## Universities need more money. Why fudge the fees issue?



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Letters may be edited for length and clarity.

### New Liberal Blair?

Sir: Donald Macintyre ("An impatient leader fast outgrowing his party", 1 October) believes that Tony Blair's aim is to reunite his party with British Liberalism.

The trouble is that the territory into which he has taken New Labour is every bit as alien to Liberals as it is to Socialists. Beveridge, Keynes and Lloyd George, for instance, supported a form of pragmatic interventionism in the economy that contrasts starkly with the gung-ho approach to the free market which the current Chancellor espouses.

Similarly, Labour's social policy, with its curfews and compulsory home-school contracts, suggests that they regard the people as a recalcitrant bunch in need of discipline from the professional elite which they now represent. This dismal view could hardly be further from the libertarian and egalitarian spirit with which the best of British Liberalism has always been infused.

If Mr Blair wishes to gain Liberal support, he should begin by behaving more like a Liberal himself.

JONATHAN CALDER  
Market Harborough,  
Leicestershire

Sir: I was outraged to be prevented from taking part in the fringe discussion "Sport for all" at the Grand Hotel on Tuesday evening, at which Tony Banks was speaking.

Unable to penetrate Fortress Labour, a large fence stretching along a section of Brighton's seafront, I was directed to an office 15 minutes away to obtain the necessary pass. There they wanted personal details for a 20-minute police check, passport photographs and a £5 fee. Not surprisingly I didn't make the discussion.

It is a bizarre interpretation of a fringe discussion when sufficient bureaucratic barriers are erected to deny access for the public. It seems Blair's Britain is only open to some people. Those of us who do not have the right credentials are not allowed a voice.

ALEX STANDISH  
Hove, East Sussex

Sir: I share with Paul Moore (Letters, 1 October) a sense of unease about the photograph of

Kids and their parents look around at jobs and they look at qualifications. They don't need the mantra of modernisation, chanted loud in Brighton this week, to see that our kind of society and economy increasingly rewards the highly educated. They make rational assessments of prospects, which explains why tuition fees have had no effect on young people's intentions to apply to university. Graduates and those with vocational qualifications are paid more and therefore should pay more. The elementary justice of that explains why – whatever Labour conference delegates may think – public reception of the government's plans has been so warm.

Yet it seems to have been Labour activists rather than the public to whom Labour leaders have been listening. Which is why a golden opportunity for securing the finances of educational expansion at the post-18 level for the long haul has only been half-grasped.

The dimensions of the problem are these. Universities can be squeezed to make them more efficient, and have been. Universities and colleges can do more to attract private sector money. Some have been remarkably successful, and not only Oxford. But significantly more places can only be paid for by extra public subvention or a larger contribution from students. What the Dearing Committee offered the Government, albeit tentatively, was a way to do something the Tories, for all their fine words, had failed to: to adjust the balance of payments between individual students (for whom there is unquestionably a personal benefit measurable in higher lifetime earnings) and the body of taxpayers at large. It was a poor report, because it should have been much more sharply focused, in order to achieve more persuasive public impact.

David Blunkett's plan could and should have been much more radical in shifting the balance further towards the personal

beneficiary. He is asking students to pay £1,000 towards their tuition, and even that obligation will fall in full on only a fraction. The "extra" money produced – assuming taxpayer contributions continue at broadly the present rate – might in theory finance some growth in student numbers. But here now is the Prime Minister pledging further expansion: 500,000 extra places by 2002. Mr Blair's ambition is praiseworthy. It is completely at one with his vision of a competitive, achieving Britain. The trouble is, it can only be paid for by a much more ambitious recasting of the basic finances of higher education.

Even if a large proportion of these extra places are to be found in that archipelago of local colleges labelled "further education", where will the incremental finance come from? Post-18 FE students pay fees. Some, for example the unemployed who will get training as part of Labour's New Deal, will have fees reimbursed from money that is already allo-

cated. But for the rest the only option is full-cost fees – which part-timers already pay – making any expansion self-financing. That would work only if FE students could rely on some marked increase in employers' willingness to pay for their training or, like their university contemporaries, could tap into a loans scheme.

If the places Mr Blair envisions are to be found from expanding the universities of Cambridge, Coventry or Cornwall (still barely an embryo), students would have to meet a higher proportion of their course costs. Where else would the extra come from? Let's lightly skip over the technical point that more loans mean more public expenditure in the short run. Let's face instead the tricky question of whether those three universities should even be under the same funding regime.

World-class Cambridge does in fact charge more for its college-based tuition; its system offends the Labour dogma that differential fees are unacceptable.

But why shouldn't Cambridge and University College, London and similar institutions seek to preserve their qualities by demanding more from students? Does Mr Blunkett really want Old Labour egalitarian misery-sharing? Again, the way forward has to be a re-examination of the loans scheme. Cambridge and similar places do offer a superior education. It can be open to all only if everyone has equal access to the means to pay for it – that is to say a loan they can repay from their enhanced lifetime earnings. Tony Blair's instinct is absolutely right. The question he has posed his ministers, especially his Chancellor, is how to pay for it. Many Labour MPs may believe that the Blunkett tuition fees scheme is a scarily "hard choice". Actually it is only a pigeon step nearer the solution. Labour leaders may have thought the debate on fees was fraught, but sooner rather than later they are going to have to return to their conference with far more dramatic changes.

## LETTERS



Tony Blair in a Brighton church, but for a different reason.

The nature of the picture would suggest that it was taken with the permission, if not encouragement, of those concerned. It reinforces my mistake for the way in which Mr Blair seems to use his religion to claim the moral high ground. Whilst he is free to believe whatever he likes, I do wish Mr Blair would keep his Christianity to himself, and get on with the job of being a politician: if I want to hear a sermon, I will go to church.

BRIAN R MOORE  
Exeter

### Midwives cut

Sir: One-to-One Midwifery Care, an innovative scheme for mothers and babies in west London, which reaches many deprived groups and is loved by those who use it, is to be cut if health commissioners have their way. Why? Not because it

is expensive but because it is seen as a soft target for further health cuts.

The scheme means that most women have care in labour from a midwife they know well, and also have "continuity of care" during pregnancy and after the birth. One-to-One midwives carry a personal caseload of women with backup from their partner and, when necessary, others in the group practice. This is different from "team midwifery" where several midwives all have equal responsibility for a much larger number of women and there is less chance to build a relationship of confidence and trust. The health authority concerned is now planning to introduce a team scheme.

The underlying problem is that unrealistic ratios of midwives to births are set as a short-term, cash-saving measure. It is scandalous that expensive – and often useless or even dangerous –

technology is used more and more each year regardless of the growing cost or evidence of effectiveness. Yet asking for support from a familiar midwife on that special day in your life when you give birth is apparently too much to ask.

MARY NEWBURN  
National Childbirth Trust  
CHRISTINE GOWDRIDGE  
Maternity Alliance  
BEVERLY BEECH  
Association for Improvements in the Maternity Services  
London W3

### Behaving badly

Sir: No. Suzanne Moore, it is not "for men to be shameless shaggers and hustlers" ("So why is it all right for men to grow old disgracefully?", 1 October). Instead of championing vulgarity in women you should consider chastising the hazing coarseness of some men, stirred on by the money-hungry media.

Dignity and wisdom are generally regarded as admirable and desirable. At present however, the media seem to be able to call the shots on what is worthwhile behaviour. Please for the further coarsening of women will not make them, or our society, any happier.

IAN FLINTOFF  
London SW6

### Dearing's figures

Sir: Although the National Committee of Inquiry into Higher Education no more, I would like to offer a personal response to your report "How Dearing's numbers fail to add up" (26 September).

Naturally, I am disappointed that figures from one of the researchers we commissioned included some errors. The key observation remains unchanged: that around 90 per cent of part-time students are in employment. (We were well

aware from other sources that a much lower proportion of Open University students are employed.) The committee concluded that there were good reasons why those in employment should not be seen as the highest priority for additional public subsidies. There are other even more pressing needs in higher education. Such subsidies would risk substituting for existing employer contributions.

And remember that part-time programmes are already heavily subsidised through grants to universities and colleges.

The committee was nevertheless concerned that would-be part-time students who are unemployed should not be denied higher education. We therefore proposed that they should have their fees waived and I welcome the Government's recent announcement that this will happen. We also recommended that social security benefits should be looked

at again to aid participation by those who are unemployed.

You wrongly assert that the committee concluded that employers should not be expected to contribute more to the costs of part-time higher education. We specified areas where employers should contribute more – especially towards the growth of programmes of continuing professional development for their employees. We identified Individual Learning Accounts as a potentially useful way of harnessing employer contributions for this and other purposes. This is an idea which has to be pursued in the context of broader education and training policies and not just for higher education.

SIR RON DEARING  
Chairman  
The National Committee of Inquiry into Higher Education  
London W1

### Fight for forests

Sir: It is not difficult to find people to blame for the ecological disaster in the Indonesian forests: the Indonesian government, which turns a blind eye to the activities of the logging companies; the logging companies; those who exploit the forests which used to be the homes of native peoples and wildlife; the peasants who slash and burn.

They are all easy to blame but hard to influence. Other culprits lie much closer to hand: the British government which takes little or no action; UK companies which import tropical hardwoods; and the British man and woman in the street who buys hardwood window frames for a conservatory or a hard wood table or lavatory seat.

We cannot put the fires out today, but by avoiding these products ourselves and applying pressure to importing companies and our government we may be able to reduce the chances of them happening in the future.

DAVID ROBINSON  
Burton on Trent, Staffordshire

### Poor grammar

Sir: Although I disagree with much he has said in his review of John Honey's *Language Is Power* (27 September), he raises an interesting point, when he claims that "How to teach grammar without the traditional notions of 'correctness' is perhaps one of the burning questions of our time – but it is too hot for academics to handle".

At the University of Kent some of us have been trying to do precisely this for at least the last ten years. However, because of financial exigencies within the university as a whole, the section responsible for running the programme is being closed down. Ironically, the programme could have been saved had the School of English been prepared to accommodate us. Unfortunately, they too felt that the teaching of English grammar was an unnecessary luxury. Yet again, English graduates, many of whom will probably become English teachers, are being deprived of a working knowledge of their own language.

TONY BEX  
Senior Lecturer in English Language and Linguistics  
University of Kent at Canterbury

## Rugby: the startling evidence behind Britain's hidden drugs craze



MILES  
KINGTON

### Dangerously Addictive Activities: A New Health Series

#### No 1: Playing rugby.

Is rugby bad for you? Well, of course it is, but only in the way that all sport is. Ultimately, bad for you. Or is playing rugby bad for you in a special way?

Science is now coming to believe that there is something particularly dangerous about rugby, and that it – more than any other game – is addictive, and can lead to seriously disturbed behaviour.

#### Consider the evidence.

Rugby players will always tell you that rugby is good for you, that it makes you fit. The evidence, of course, shows the exact opposite – that rugby causes you all sorts of horrific

injuries which leave you at the end of your career with old broken bones, cauliflower ears, a damaged brain and so on.

Oh, yes, but that is all part of life, say rugby players. You can break a bone doing anything. When you are not injured, you are as fit as can be.

*When you are not injured...* In fact, rugby players are not injured very often. They almost always have niggling strains and hamstring worries. Some players are on the injured list as much as the team list. When they are playing, they feel really well and forget their injuries, but this is because they get a buzz from the game which gives them a lift.

Get a buzz... Gives them a lift...

Very reminiscent of the world of drugs, is it not?

And scientists are now coming to believe that rugby is a mildly hallucinatory activity, which gives people a high and a heightened sense of reality.

Or do we mean a distorted sense of reality?

Consider the facts. For 80 minutes 30 grown men run up and down a muddy field convinced that:

a) an oval ball is a sensible shape;  
b) it is good to throw a ball backwards but bad to throw it forwards;  
c) it is normal to put your arms round other men and insert your head between their buttocks, then push as hard as possible;

and d) it is good fun to risk having your teeth knocked out by clashing running men round the knees...

These are just a few of the things which a rugby player believes during a game, though he does not believe or do any of them at any other time. It stands to reason that his grasp of reality is skewed.

The average rugby player will also pretend to understand and obey a series of regulations which make no sense to anyone else. Recently, the RFU has been adding rules about "coming in from the wrong side" and "not releasing the ball" and "going over the top" which are virtually impossible to work out in cold blood, let alone in an active game.

Yet the average player never disputes these rules, so funded is he by the effect the game has on him. When he has the ball in his arms, and is tackled, and finds himself lying pinned under 10 or 12 heavy men, and then hears the referee penalising him for not releasing the ball (which is physically impossible), the sensible reaction would be, if not to punch the ref on the nose, at least dispute the sense of it.

It stands to reason that his grasp of reality is skewed. Such suppression is dangerous, and may explain the bouts of violence which erupt during games, and very often after the game. Luckily, rugby players' vision must be affected by the game as well, as they scarcely

ever land an effective punch, but it is undeniable that such socially destructive behaviour is caused by the game itself. If this fighting were not caused by rugby, it would also sometimes break out before the game as well. But it never does!

Take into account these other factors which spring from the dependent state to which rugby reduces its addicts:

1) Players generally refuse to wear protective clothing, even though they know they will be injured sooner or later.  
2) So anxious are they to get the "buzz" associated with the game that many players go on playing until late in life, well after the age at which it would be sensible to give it up.  
3) They persist in saying that the

game will make a man out of you, even though the evidence suggests that it will make a cripple out of you.

4) Do you really think a grown man would run at full speed at a pile of other grown men in order to push them off the ball even though he knows he cannot do it, if he were not heavily hallucinating?

Next time you feel tempted to play rugby, think of all these things and then say to yourself: "I don't have to if I don't want to. I don't have to hurt myself for the sake of an oval ball. I don't HAVE to believe that it is bad to throw a ball forward." It could save your life.

Coming next: Is telephoning addictive? Should it be made illegal?

مكتبة من الأصل

هذا من الأصل

## Yesterday's man must put his wig on the table



DAVID AARONOVITCH  
ON MO AND  
MANDY

"In my view", said the Prime Minister on the *Today* programme yesterday, "he is one of the most extraordinary and talented people in British politics. It is not just the Labour Party that is lucky to have him, it's the country that's lucky to have him... I think he's a great guy and he's got a great future."

The paragon in question was Peter Mandelson, rebuffed on Monday in his attempt to be elected to Labour's National Executive. The Labour Party had not felt that he was quite enough of a great guy, and the country (as yet) shows little sign of understanding its enormous good fortune. Mr Blair – usually so adept at capturing the popular mood – was dealing with a gulf in perceptions.

How might he have explained this to himself? Was it down to some piece of mass false consciousness – with the attitudes of the ordinary person shaped by inaccurate and lazy journalism? Conceivably. God alone knows that the normative nature of the British press makes it quite possible that a loose characterisation made one year will stick for ever. (The image of Machiavelli, the Prince of Spin has been immensely seductive.) But even allowing for such intellectual sloppiness, it is nevertheless very hard to make such a label stick, if there is no truth in it whatsoever. There are many who consider themselves to have been badly or roughly treated by Peter Mandelson – run over, if you like, as he steamed towards the main goal. For Mr Blair – object always of Mandelson's affection and charm – it may be hard to imagine what those who bear the tyre tracks really feel.

Perhaps Mr Blair accepts instead this week's dominant theory: that the NEC election result saw Mandelson suffering for Blairism. According to this, he acted as a conduit for the party's suppressed frustration at the necessary discipline that had been imposed upon them, and the painful changes that had helped catapult them into government. Blair was untouchable; his counsellor, however, could safely be lynched. Again, there must be a measure of truth in this. But on the same day – Monday – there was one standing ovation given to a successful candidate for the

Executive – Northern Ireland Secretary Mo Mowlam, a woman who is in no sense Old Labour. There is no obvious matter of substance on which she differs from Peter Mandelson or her leader.

So what is it about Mowlam that generates such affection; affection denied to her influential colleague? It is, of course, her personality. It is obvious to anyone from the way she answers questions, her tact, her expressions of self-doubt, her unfinished sentences and her hesitation, that Mowlam is spontaneous and generous – an organic politician. Like the wig on the table. Nothing is hidden.

Mowlam suggests an inclusive and open politics, whose greatest danger is naivety, not megalomania. Mandelson, by contrast, never suggests naivety. In public he appears to be a creature of calculation and angles. His suits are superb, his shoes shined to a high polish, his hair seems to be slicked back. He answers interviewer's questions with an exaggerated exactness, even those which are personal. You believe that you see only that which he thinks is advantageous for you to see.

A classic example was Mandelson's own reaction to his defeat. "A touch of humility is good for everyone," he told us, "particularly a politician, and particularly me". This is no good. Humility – by its nature – is not something that you can boast about. You cannot imagine such a phrase coming from Mowlam's lips.

This does not mean that Mandelson is insincere in wishing to reinvent himself. He is a far more thoughtful and innovative man than almost all of his government colleagues. His instincts, like Blair's, are amazingly acute, and it is for these qualities that he now wishes to be known. The almost stalling single-mindedness of the last soul-crushing two-year-long election campaign now over, he can let the world see his strategic side.

But this is no longer enough. The Diana fortnight showed just how great is the popular hunger for authenticity, for a genuineness of emotion. The minor corruptions of the last government included the fact that they answered every question with regard to how they would look, rather than with any interest in the truth. This is the politics of small, self-perpetuating male groups, exacerbated by the conspiratorial relationship that exists between politicians and many political journalists (the spinners and those willing to be spun) – is not acceptable any more. It perished somewhere between May 1st and Althorp.

So – all of a sudden – the personification of the modernisation process himself looks strangely out of tune with the times. He seems to be an Eighties and Nineties figure, where Mo better captures the spirit of the millennium. The thing is, pluralism is not just a matter of what you say. It may not even simply be a matter of what you do. It's what you are. Or, to borrow a phrase from the early days of the feminist movement – the personal is the political. A new dawn had broken, has it not?



Delegates at Brighton yesterday

Photograph: Brian Harris

## Over the Häagen-Dazs the talk is all of the end of poverty



POLLY  
TOYNBEE  
THE REAL  
AGENDA

There is only one game in town – the "underclass" and how to kill it off, throttle it at birth, ethnically cleanse it into oblivion. The ideas buzz through every airless corridor and jam-packed bar.

Wherever two or more people are gathered together, wherever clumps and cabals cluster around ministers, the key words waft up into the air as you pass by – sink estates, homelessness, crime, unemployment, deserts, out-of-control children, poor pensioners. Words like welfare, Wisconsin, worklessness are sprinkled with the latest statistics. Newest pilot scheme results are swapped eagerly. What works? How do you do it? How do you pay for it? It's all they want to talk about.

And all this is from a Labour Party said to have lost its soul in the attempt to keep Middle

England and the *Daily Mail* happy. They have performed this trick by talking publicly about "the family" or crime to satisfy the punitive and moralising tendency, while in reality working to end poverty. Talk loudly, but carry a very small stick.

But this is no longer an age for big political ideas or sweeping grand plans. It is pocket calculator politics, micro-politics, micro-management – what works, only what works. Each "underclass" denizen must be helped into work, cajoled, coerced, encouraged back into mainstream life. Not in the old ways with giant, imaginary levers of policy devised by macro-economists to alter hypothetical patterns of human behaviour. It's about each person having a personal adviser on the ground, someone to see them through the fog of hopelessness and the maze of overlapping bureaucracies.

I came across a plethora of ideas and plans from virtually every department. Ministers and their juniors talk breathlessly like newly traumatised social workers, starry-eyed, full of hope that leaves some wise old heads worried about the dangers of their future disillusion. First there is the new Downing Street Social Exclusion Unit, designed to drive policies across departments, partly in Whitehall but mainly knocking heads together on the ground. They will target the nation's 100 worst estates, where 40 per cent of all crime is com-

mitted. Unemployment is no longer regional, but in such small, local jobless blackspots. Each now has been invited to help to become Employment Zones and Health Action Zones, to embrace everything that moves and breathes in one area – jobs, training, houses to work, health, crime, drugs and sink schools. In their eyes you see the visions of new Jerusalems rising from the ashes of hell-hole estates. Great if it works, but it won't be easy.

But at least after all these years of governments massaging figures to reduce the size of the unemployed register, this government is actively seeking out those not on it. That means setting themselves far higher targets of numbers into work – among them the million extra people Harriet Harman says are now claiming sickness benefit. People have become no better in the last decade; many of these are men in their forties and fifties, the hidden unemployed pushed off the register to waste their lives on sickness benefit at a cost of millions.

Yet it may not be easy to get them to return to work in the way that the single parents have been persuaded. (Pilots apparently show that one in three single parents is returning to work after just one interview.) Can the same be done for the sick? Gordon Brown's surprise new target of full employment will mean creating government jobs in intractable areas. What sort of jobs? One plan is for the police

to run local crime prevention teams, enlisting local people on estates to patrol and protect their own area, under police training and management. If it sounds alarmingly like Guardian Angels or vigilantes, you are reassured with the insistence that it works in Holland.

There is plenty of the unthinkable too. Whispering jest Barbara Castle hears, there are those who dare suggest that the whole national insurance paraphernalia is a vastly expensive anachronism, invented 50 years ago for a very different society. Not now, but sometime it may be right to take the state pension away from the richer pensioners to give to the grindingly poor. And isn't it time to fitch the fat tax relief on pensions for the rich? No, behind the scenes the scenes are not faint-hearted.

There was something vaguely threatening about the tone of Tony Blair's announcement of a new ministerial group on the family, yet behind the scenes the talk is of a radical scheme to tax partners together again, redistribute the savings and double the rate of child benefit – which would offer the biggest single step out of unemployment for many women. All this and more is in the air, some happening soon, some later, some maybe never. Meanwhile trouble has blown up over Frank Field's role. He has taken upon himself an almost impossible task – to de-

vise a grand overarching welfare reform that smacks more of the old politics than the new. Divesting himself of all other tasks, he is spending night and day drafting a Green Paper that may (or may not) appear next Christmas. He is saying nothing to anyone (not even his colleagues, alarmingly) about what's in it. He told me, he wants it to be a Big Bang. It will be, he says, a "philosophy of welfare".

Yet as he writes, that philosophy is being written on the ground all around him, his pen racing to keep up with what everyone else is actually doing. That may be why he has been dangerously, publicly thrashing around at late, having promised magic big solutions in a micro policy world. What works is all that counts now.

In all this, the government is taking a noble but high risk strategy: these social problems are deep-seated, expensive and from the experience of other Labour governments, profoundly intractable. The Government is asking to be judged on its ability to transform the people who are the most difficult to change. Huge effort makes small change in the underclass. Will they keep up their infectious enthusiasm when some schemes fail miserably? Do they have the stamina to pick themselves up and start all over again and again and again? At least if the economy is half as good as promised, then they have the best chance ever of succeeding.

Make way, please, medical emergency, I'm a famous photojournalist



JOHN  
WALSH

For those who may have begun to doubt the integrity, the dignity, the – what shall we call it? – moral focus of the world's press photographers, Russell Miller's excellent new book, *Magnum: Fifty Years at the Frontline of History*, is a fine corrective. His chronicle of the last plane-borne adventurers, the war correspondents and the monochrome dreamers who snappet every telling moment of public conflict from the Spanish Civil War to Rwanda, and set up an elite agency to sell their eye-

starting dispatches, is a record of bold achievement and ethical rigour. Robert Capa at the D-Day landings, George Rodger's Nuba tribesmen in the Sudan, Eliot Erwitt's shot of Richard Nixon prodding the chest of Nikita Krushchev (the Russian premier was telling the American cold warrior to go screw his grandmother) – well, it's all a head-shakingly long way from the ghastly paparazzi, the long-lens Peeping Toms and roadside ghouls who photograph dying celebrities, impede the rescue services, then fill the pages of Europe's image-hungry magazines with their gruesome *vérité* intrusions. Ah, the Golden Age. Those were the day...

But wait one goddamned minute. What is this oo page 44? It's an assignment undertaken at the end of the war by the American writer John Malcolm Brinnin, to travel across the States with Henri Cartier-Bresson, the undisputed God of modern photojournalism. What pulls you up short is Miller's description of an incident in a diner, when one of the customers suffered an epileptic fit and Cartier-Bresson managed to get in the way, in his determination to get pictures of the frothing victim". Brinnin claimed the Frenchman was furious when anyone got in his own way – at one point he apparently pushed Brinnin to the ground in his anxiety not to miss a picture...

Nice, eh? Would it be disrespectful to wonder how the godfather of arty photo-reportage would have reacted, had he stumbled on a car crash in the Pont de l'Alma, a famous

princess and a lot of irritatingly intrusive medics?

How peculiar to find that the site of one of my dreams is to pack up. After 80 years, they're closing the burns and plastics unit at Queen Mary's Hospital, Roehampton, perhaps to relocate it at the Chelsea and Westminster, perhaps not. It's rare for a hospital unit to achieve global fame, but the surgeons at Queen Mary's were legendarily brilliant. I worked there as a porter in my teens, and loved it. I liked the rumours that would fly around, concerning the famous James Bond Actor in C ward, who was in to have the bags under his eyes removed. We would josh scallopine-dazed, plastic surgery patients, on their way to the operating theatre, that a five-quid tip would guarantee they'd

blonde hair peeping out ... Ah, but it was also a place of nightmare: G Ward, home of the burns patients, a place of uncomfortable heat, the patients lying under raised sheets so their flesh wouldn't stick to it. It had its own porters, specifically trained to terrible sights, so we weren't required – until one night, when there was no one but me to collect a victim. The long, long walk – trolley before me – down the endless corridor to G Ward, mentally running away from what one was about to endure, has haunted me ever since. And now they're closing it. Goodbye to my own personal Room 101.

Is it the unseasonal weather, or some unconscious inter-species rivalry that is causing the current wave of European canophobia? Judging by the papers, no dog is safe from abduction, attack, counter-attack or unnatural feats of resuscitation. My one-year-old labrador, Poppy, a keen browser of the news pages, has taken to flattening herself against the washing machine and feigning invisibility whenever the doorbell rings.

And well she might. Over in Italy, a Sicilian policeman called Nero has offered to pay bounty hunters the equivalent of £18 for the head of any stray dog (that means any dog on the streets of Palermo). Poppy is up for



Dog breath: Jean Cauldwell, left, with Stringfellow whom she resuscitated, and owner Jean Robinson Raymonds

wake up with an unscheduled chin dimple, a lowered hair-line, a nine-inch member ... I'd take the little girls from J Ward to the theatre to have their bare ears pinned back and find them later in the Recovery Room, heads swathed in a bandage turban is up for

grabs). On the Croatian coast, a family poodle called Zeni was grabbed around the throat by a pitbull's jaws, and the pitbull savaged in turn by the poodle's lady owner who sank her fangs into the dog's neck. If only the pitbull owner had been around, and retaliated in similar vein, we could have had a spectacular Dracula daisy-chain ...

Down Derby way, meanwhile, ooc Jean Cauldwell has been explaining her prompt action to save a choking rotweiler called Stringfellow: "I put my fingers up her nostrils and opened her mouth as wide as I could and then put my mouth inside hers. I started blowing and, all of a sudden, I felt her heart start and we saw her move" – presumably to the direction of someone who could counsel her about surviving the Trauma of Unwarranted Snogging by Derbyshire Humanoids. Between Mafia bounty hunters, English nostril abusers and Slavic vampires, a dog doesn't stand an earthly chance.

All over the journalistic metropolis in the last 10 days, you could hear a collective sigh of melancholy for Ruth Picardie, who died of cancer last week, and a wave of sympathy for her husband and two-year-old twins. Ruth was a writer of exceptional directness, always sceptical, always challenging, always taking the mick, and she was like that with people, too. She went out of her way to find out what they thought about things, and why. Appalled to find some vestigial shred of male chauvinism in one's conversation, she would beat it out whenever the doorbell rings.

And well she might. Over in Italy, a Sicilian policeman called Nero has offered to pay bounty hunters the equivalent of £18 for the head of any stray dog (that means any dog on the streets of Palermo). Poppy is up for

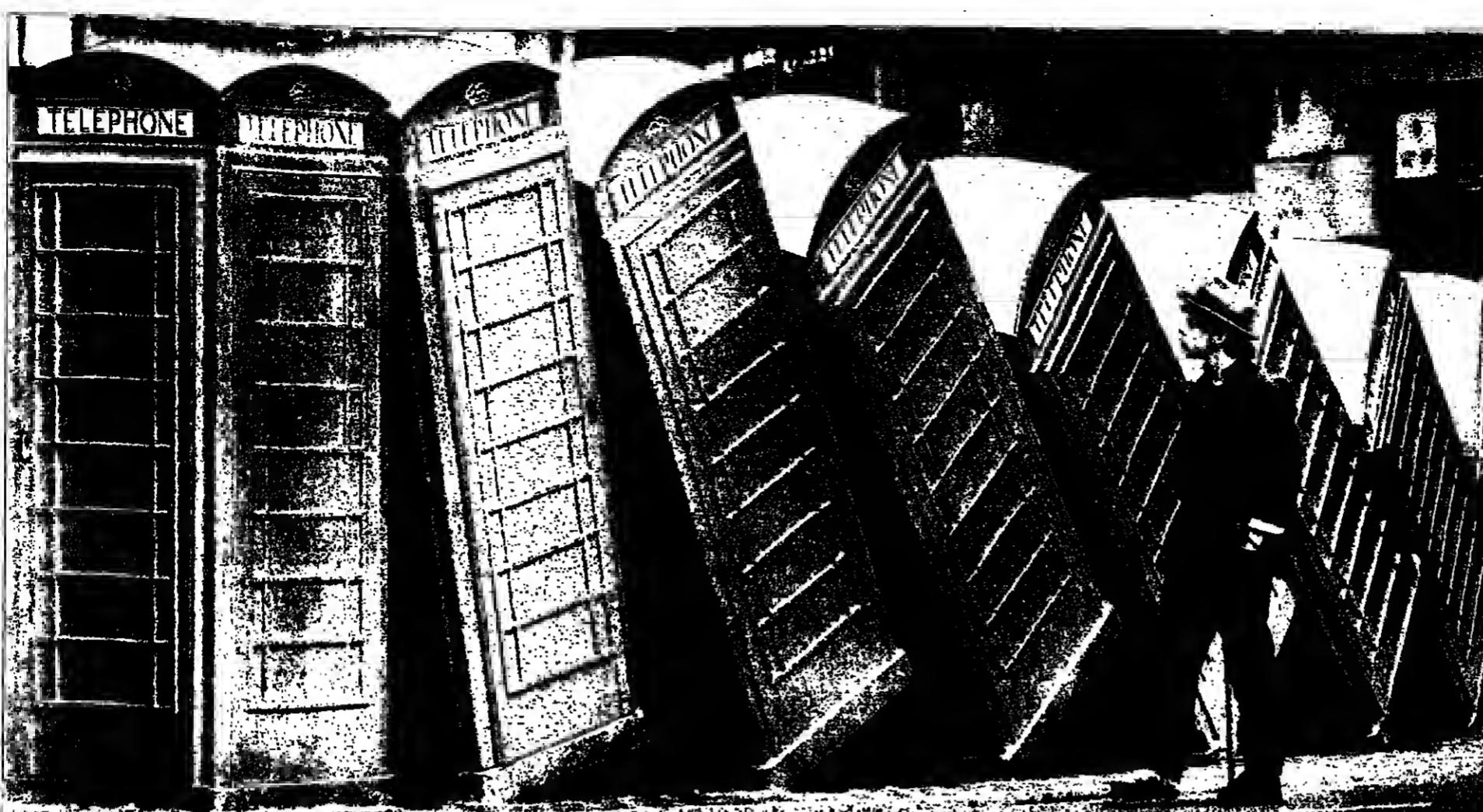
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Collapsing ambitions: WorldCom's \$30bn bid appears to have landed BT's global pretensions back at square one

Photograph: Edward Sykes

## Rival bid shoots down £13bn BT/MCI deal

**British Telecom's**  
planned \$22bn (£13.5bn)  
merger with MCI  
appeared dead last night,  
after WorldCom, a fast-  
growing US operator,  
launched a rival \$30bn  
hostile bid. Reporting by  
Chris Godsmark, Business  
Correspondent, in  
London and David Ushorne  
in New York.

WorldCom's all share offer, which came out of the blue, would create the world's fourth largest telecommunications company. The \$4.150 offer for each MCI share was more than 40 per cent above MCI's closing share price on Tuesday and nearly \$10 a share higher than BT's revised bid price.

BT said in a brief statement last night it had been notified of the bid from WorldCom and was "considering the issues it raises." A spokesman declined to comment further on the developments. MCI in Washington said its board would meet "in due course" to review "all issues and options."

In August, BT cut more than 20 per cent off the price of its offer for the 80 per cent of MCI it does not own, after MCI stunned investors with a warning of losses from its move into the local US phone market.

Bernard Ebbers, the fast-talking Chief Executive Officer of WorldCom, said in New York that he expected BT to accept the deal. He said he would offer BT a seat on the board of the new company, in which it would have holding of about 10 per cent.

Mr Ebbers said WorldCom's existing local networks would save MCI from the need to invest heavily in expanding its long distance coverage to local customers. The combined group would make savings of \$2.5bn in its first year, for instance by combining staff and networks and cutting corporate overheads. He played down the prospect of large lay-offs at MCI, however. In comparison, BT's deal with MCI would result in savings of only £1.5bn over five years and £500m in year one.

"We can realise far greater synergies than BT can. They don't live here," Mr Ebbers exclaimed. "BT and MCI are both

great companies, but the fit just isn't right between them."

Big shareholders ruled out any move by BT to raise its offer for MCI to match WorldCom's. "When they got in with MCI originally the price was wrong. We were prepared to put up with the renegotiated price, but we'd find it very hard to accept them going higher," said one institution.

Jim McCafferty, a telecommunications analyst with stockbrokers Hoare Govett, added: "BT will have to walk away

from MCI. It has no option. There's no way BT can make a higher offer for the company. Shareholders would just never accept that."

BT shares soared 32.5p yesterday to 442p, as investors welcomed the company's chance to walk away.

In a letter to Bert Roberts, MCI chairman, Mr Ebbers claimed the merged company could avoid paying penalty payments to BT in the merger terms. BT could receive \$450m if MCI backed out of the deal, but Mr Ebbers said the clause would not be triggered if MCI's shareholders voted against the merger with BT.

In a press conference peppered with jokes, Mr Ebbers said BT would get the board seat "if they want it, if they act properly". He added further about a future role for BT in the new company: "It is an inconceivable conclusion for me that they (BT) would not want to participate".

He added: "After we have got a deal finished with MCI, we might acquire BT". He even hinted that he recently approached AT&T about a buy-out but that he had not been taken seriously.

Bernard Ebbers: "We might even bid for BT"

The determination of WorldCom to secure MCI was left in no doubt. "These guys are intensely focused on getting this deal done," remarked Tom King, a managing director of Salomon Brothers, who is advising on the deal. "Even without the cooperation of BT, we think we can get MCI shareholder approval by the end of the first quarter of next year".

Mr King, whose bank could benefit from a fee that may touch as much as \$100 million, noted that it was the lowering of the BT offer that allowed WorldCom to step in and offer a convincing enough premium of \$10 a share.

While the bid is certain to attract the attention of fair competition regulators in Washington, Mr Ebbers said he was confident that no obstacles would be raised. "Absolutely, the deal is going to go through," he said.

WorldCom, which is already the fourth largest US carrier,

also yesterday announced it was spending \$2.4bn to acquire Brooks Fiber, which provides local telecommunications services in 34 US cities. With the infrastructure of Brooks and MCI, WorldCom will have access to 70 per cent of the US business market.

Noting that he spoke about his offer to his counterpart at MCI, Mr Roberts, at 9.30 in the morning - several hours after news of the bid hit the news wires - Mr Ebbers joked: "I did tell him that when he is part of WorldCom, he will have to come into the office a little earlier".

The rise of WorldCom - and of its share price - has been nothing short of meteoric. Started by Mr Ebbers and a group of investors in 1983, its revenues have grown from \$1m to £5.6bn on the back of 40 takeovers and mergers.

It was the \$1.4bn deal last year to merge with Metropolitan Fiber Systems (MFS), which catapulted WorldCom into the a serious global player. It combined the company's existing long distance customers with a local network in more than 50 US cities.

As Mr Ebbers was keen to point out yesterday, its shares have dramatically outperformed rivals. A \$100 investment in the company in 1989 would have yielded \$3.17 today, compared to \$190 for BT.

Outlook, page 23

## International strategy in ruins as BT 'is saved from itself'

The stunned silence from BT's headquarters was hardly surprising yesterday, as Sir Iain Vallance, chairman, woke to find the company's international strategy in ruins.

Longstanding critics of the MCI link-up were jubilant, arguing that BT had been released from the \$800m of losses its US partner would make this year from its drive into the \$100bn local US phone market. It was this profits warning, in July, which enabled BT to slash more than £3bn off the price of the deal.

James Dodd, from Dresdner Kleinwort Benson and the leading City opponent of the merger, said: "This is a

godsend. I can hear BT's shareholders cheering. An even bigger fool has saved BT from itself."

The rise in BT's share price yesterday partly reflected investors' relief. There was speculation that BT would be able to return billions to its shareholders in the form of share buybacks, or further special dividends beyond the £2bn already paid out this year.

Though big investors yesterday ruled out the possibility of BT raising its bid for MCI to match WorldCom's, they also mostly rejected the suggestion that the UK group could stand alone. Mark Lambert, from the US banking group Merrill Lynch, pointed

to the slow growth in BT's domestic customer base. "Going it alone would give a short term boost for the share price, but mean long term decline. BT would end up as an overcapitalised utility."

It was a similar logic which propelled BT into £33bn merger talks last year with Cable & Wireless. The talks ended in failure, with BT blaming C&W's reluctance to strike the right price and C&W blaming what it claimed were intractable regulatory obstacles.

Two alternatives were emerging for BT last night. The first was to accept Mr Ebbers' offer of talks to forge a new

grand alliance with the merged WorldCom-MCI. He made it clear that WorldCom wanted to continue with the Concert international joint venture, in which BT has a 75 per cent stake, which is set to earn revenues of \$1bn this year.

"We're confident BT and MCI will come to the table to negotiate an agreement between all three companies.... We would certainly welcome their participation on our board," Mr Ebbers said.

One fund manager speculated that BT could propose a three way merger. "It would give them a seat at the party. They might be able to salvage an alliance out of it or something bigger."

The second possibility was a deal with another telecommunications group. Shares in C&W surged 33p to 560.5p on speculation that merger talks could be revived. Other possible partners suggested by industry watchers included a local US phone company, one of the "Baby Bells", or even AT&T itself.

Another leading investor insisted that BT's strategy was nn as had badly damaged as its pride. "There are still plenty of alternatives out there. BT shares are relatively cheap compared to other European networks. It's still an attractive catch."

- Chris Godsmark

## Shell ups profits targets in drive to lead sector

Shell, the Anglo-Dutch oil giant, has moved to accelerate the pace of its internal transformation by raising the profit targets for its main businesses.

According to leading oil analysts the company has launched an ambitious drive to become the industry's top performer, following growing criticism at its failure to spend some of its £8bn cash pile. Senior executives elaborated on the strategy during briefings with analysts in Thailand, Malaysia and Singapore last week, in the latest sign of Shell's increasing openness.

The company said it was determined to raise the rate of return on its capital from 12 per

cent to at least 15 per cent in each of its individual operating divisions. Last year Shell struggled to reach the 12 per cent target, compared with BP's returns of around 19 per cent.

Fergus MacLeod, oil analyst with NatWest Securities, said: "Everyone from country chairman to refinery managers proved beyond reasonable doubt that there is a company wide drive to improve returns to at least 15 per cent."

He said the drive could boost Shell's profits by \$1bn a year. "Major cultural change is under way... and almost all expressed confidence that better financial performance will result."

Details of the briefings emerged a day after Shell announced a restructuring of its European petrochemical business, cutting 3,000 jobs and warning it could leave some markets altogether if profits did not improve. The company has also announced two big deals in the space of a month, to buy out a joint venture partner in a European chemicals business and to take over a Texas oil pipeline.

A Shell spokesman said the company had yet to raise the overall profit target for the whole group, though individual businesses were being set a 15 per cent target.

- Chris Godsmark

## PowerGen makes plea to be allowed to buy a REC

Ed Wallis, the chairman of PowerGen, today called on the Government to allow it to compete to succeed there need to be five or six strong players, much as in petrol, banking and supermarkets.

"The risk of competition being stalled or moribund as 12

incumbent monopolies simply try to defend their own home territory would end," he says.

Scottish Power and the Energy Group - currently the subject of a £3.7bn bid from PacificCorp of the US - already generate, supply and distribute electricity. "Allowing other generators to expand into electricity distribution and supply would break the current impasse..."

And it will give domestic competition the kick start that it so desperately needs."

John Battle, the Energy Minister, was among a group of MPs who had dinner with Mr Wallis at the Labour Party conference in Brighton this week. Mr Battle is currently developing a new energy policy and has also taken a lead role in trying to ensure that domestic competition starts on time.

Analysts think it unlikely that PowerGen would make a move for a REC before next year.

- Michael Morrison

Competition rethink, page 27

## WH Smith chief rejects hostile bid from Waterstone

WH Smith yesterday rejected a highly leveraged bid for the embattled music, books and stationery retailer by Tim Waterstone, its most successful former employee.

Tom Stevenson, Financial Editor, reports.

Richard Handover's first day as chief executive of WH Smith yesterday saw him rejecting a hostile takeover bid from bookseller Tim Waterstone that would have seen the new boss out of the job almost before his feet were under the table.

Smith said the chairman, Jeremy Hardie, had received a bid approach from Mr Waterstone last weekend but had no hesitation in rejecting the offer, which would have given shareholders 200p in cash together with shares in WH Smith NewCo, a heavily indebted acquisition vehicle set up for the bid. The rejection was announced after dealings in WH Smith shares closed at 365.5p, down 2.5p.

SBC Warburg Dillon Read

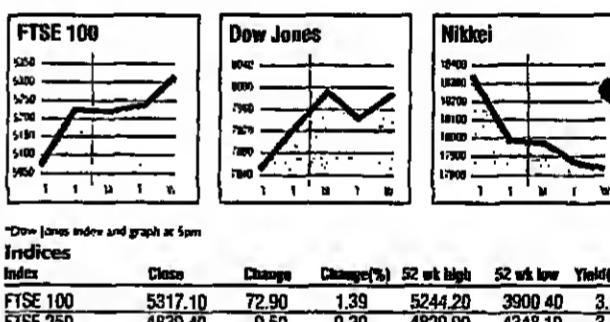
represented Mr Handover's first major challenge in the top job, for which many observers said he was an unspectacular choice. The former head of the wholesale news arm was appointed after a three-month tussle to find a replacement for Bill Cockburn, who left after only 18 months in the job to join BT.

Mr Handover said advisers' fees would have cost shareholders £34m and countered the approach by promising to

"improve the profitability of the high street business by focusing on the core product groupings of books, stationery, newspapers and magazines".

Outlook, page 23

## STOCK MARKETS



Indices	Close	Change	Change (%)	52 wk high	52 wk low	Yield (%)
FTSE 100	5317.10	72.90	1.39	5244.20	3900.40	3.30
FTSE 250	4639.40	9.50	0.20	4829.90	4348.10	3.37
FTSE 350	2545.60	29.30	1.16	2516.30	1949.20	3.31
FTSE All Share	2482.99	27.37	1.12	2455.02	1925.79	3.30
FTSE SmallCap	2343.5	6.50	0.36	2374.20	2128.40	3.17
FTSE Pensions	1293.4	6.00	0.47	1346.50	1198.70	3.29
FTSE AIM	1006.6	3.00	0.30	1138.00	1002.10	0.97
Dow Jones	7991.43	46.17	0.58	8269.31	5904.90	1.67
Nikkei	1782.16	45.55	-0.26	2161.30	1703.66	0.88
Hang Seng	15049.30	184.93	1.24	16673.27	11905.51	2.75
	4196.98	29.10	0.70	4438.93	2655.73	1.90

## INTEREST RATES



## BOND YIELDS

Money Market Rates	3 Month	1 yr	2 yr	5 yr	10 yr	Long bond	1 yr	2 yr	5 yr	10 yr
UK	7.31	1.38	1.58	1.83	3.34	12.50	6.43	1.50	1.50	1.50
US	5.77	0.14	6.00	0.05	0.01	10.52	6.30	0.53	0.53	0.53
Japan	0.55	0.04	0.60	-0.						

لماذا من الأصل



## OUTLOOK ON BT. HOUSE PRICE INDICES AND AN OPPORTUNISTIC BID FOR WH SMITH

Phew! What a relief. By luck rather than design, BT is finally off the MCI hook and the beleaguered US telecoms group will now largely be somebody else's problem. That, at least, will be the reaction of many to WorldCom's out of the blue rival bid for MCI. It is almost inconceivable that BT, having been forced by its own shareholders to negotiate down the price it is bidding for MCI, could now come back with a better offer. To top WorldCom it would have to pay more than first time round.

Unless something unexpected happens, then, BT looks to be definitely out of the running. If you are James Dodd, telecoms analyst at Dresdner Kleinwort Benson, or another part of that vociferous City minority which has opposed this deal all along, that is plainly a good thing.

BT is now free to embark on an alternative strategy of handing barnauls of cash back to its shareholders and engaging in the process of small add-on acquisitions in the US and elsewhere. That's going to do a lot more for shareholder value, Mr Dodd argues, than buying a mature, competitive telecoms company in a highly competitive market.

He may be right, but the fact that WorldCom, one of the best performing stocks on Wall Street over the last 10 years, is prepared to pay such a premium for MCI and along the way hint that it might also be interested in acquiring BT as well, rather suggests that Sir Iain Vallance and his chief executive at BT, Sir Peter Bonfield, have had the strategy right all along.

Admittedly, there are overlaps and local

synergies between WorldCom and MCI that make MCI worth more to WorldCom than to BT. Even so, it is plain from what Bernie "joke-a-minute" Ebbers, WorldCom's founder and president, was saying yesterday that he shares some of the same vision and sense of where the telecoms industry is going as Sir Iain. Both believe the industry will progressively become divided into big global players and small niche domestic operators. By acquiring MCI and making clear his intention to continue with MCI's existing links with BT, Mr Ebbers is putting himself firmly in the first category.

WorldCom is one of those extraordinary business success stories that could only happen in America. Through a combination of inspired entrepreneurship and aggressive acquisitions, it has grown from nothing 14 years ago, to one of the largest telecoms companies in the US. If it pulls off the MCI deal, it will start to justify its name by becoming the third largest telecoms company in the world by market value, not far behind AT&T and NTT.

Part of the explanation for this is that its stock is by any standards ridiculously highly valued. Wall Street has given Mr Ebbers' ambitions a following wind that Sir Iain can only dream of – the leverage to make big acquisitions at heady prices and give his empire the critical mass it needs to establish itself on the world stage.

BT, a privatised state monopoly, could never have hoped for such support but it might reasonably have expected a less cynical hearing than it got for its MCI transaction. The way in which shareholders

forced BT's hand and a sharp downward revision in the terms last summer looked like a victory for common sense at the time. The tragedy is that by doing so, the City may have condemned BT to a permanent position in the second division of world telecoms companies. There is unlikely to be another opportunity quite like MCI.

### Making sense of house price claims

It is all very Alice in Wonderland. One big mortgage lender says house prices have risen at a modest annual pace of 5 per cent during the past six months. The other puts the increase at 15 per cent. Which to believe? The Mad Hatter's solution would be to split the difference and call it 10 per cent. As it happens, it is the right conclusion.

For those with short memories, the Nationwide and Halifax also came up with very different figures in 1990 and 1991, when house prices were falling sharply. The Nationwide put the decline at an annual 6 per cent, the Halifax at a less dizzying 1 per cent.

Measuring how much properties are changing hands for seems as though it ought to be straightforward, but it isn't. Any house price index needs to be adjusted for the type of property being sold so that sales of detached houses with all mod cons one month are not compared with sales of damp basement flats another. The index also needs to be adjusted for location

because house prices vary so widely around the country.

The Halifax and Nationwide indices take different approaches to both these technical matters. The former, for instance, weights regional house prices according to the proportion of its lending in each region, whereas the Nationwide uses weights based on regional lending patterns for all mortgage lenders. The Halifax therefore puts more weight than the Nationwide on the north.

At a time when the housing market is roaring away in London and the South-east but only just building up steam in the northern regions, it is therefore no surprise that the measures put company Deutsche Morgan Grenfell, using weights based on the regional pattern of home ownership, gets a figure bang in the middle.

Both lenders will publish regional breakdowns later this month that will shed more light. But meanwhile there is no reason to conclude that the signals are too mixed to make any sense of them. On the contrary, the picture they paint of the housing market is perfectly clear. Prices in the south-eastern corner are still growing and growing.

### Whiff of 1980s in WH Smith bid

You have to admire Tim Waterstone's chutzpah, but his takeover bid for WH Smith belongs in Fiction A-Z rather than Business Books (corporate finance). Still,

not to worry. His flight of fancy warmed the hearts of anyone who remembers with any fondness the swashbuckling, highly leveraged raids of the 1980s.

As it stands, it is hard to see the offer as anything but the latest instalment in the Mills & Boon love/hate story between Waterstone and his former employer. Not to be ignored, though, is the sub-plot – an opportunistic attempt by SBC Warburg to snatch a slice of Smith's recovery for itself through an issue of warrants that would give it 5 per cent of the company.

In essence, shareholders are being asked to swap their 370p shares in Smith for 200p of cash and an uncertain stake in an acquisition vehicle labouring over £1bn of borrowings. This is not a break-up, the bid team promises, but it is hard to see how the sums could be made to add up without some pretty rapid disposals.

WH Smith is undoubtedly up against the ropes, but surely things aren't so bad that it needs to take on a pile of debt, appoint a chief executive with no experience of running a £3bn turnover group and buy a retail concept it doesn't want.

The argument that Tim Waterstone's retail vision will transform tired old WH Smith and shareholder value he miraculously enhanced simply by borrowing some cash and handing 60 per cent of it to shareholders is so much stardust. What is for certain, however, is that the bankers have spotted value and while Tim Waterstone may not get his workshop back, the tide may be turning for WH Smith's down trodden shareholders.

## Austin Reed denies rift at the top as chief departs

**Austin Reed, the tailored clothing retailer, yesterday parted company with Chris Thomson, its chief executive, in a surprise move that unsettled the market. Dismissing speculation that he was forced out, the company preferred to talk about growing demand for its clothing and its ambitious expansion plans, writes Sameena Ahmad.**

Mr Thomson's abrupt departure from Austin Reed lead many observers to speculate that he had been pushed out after presiding over blunders including taking the group into women's casual wear.

However, Colin Evans, Austin's chairman said that Mr Thomson's resignation was "mutually agreed" after management reorganisation last year left him with no real role.

Mr Thomson, who has been

with Austin Reed for eight years, seven as finance director, earned £108,000 basic last year plus £25,000 bonus and, on a two-year rolling contract, could receive more than £260,000 in compensation. Shares in Austin Reed slid 5p to 222.5p.

Speaking as the group announced a 9 per cent rise in interim profits to August 12.5m held back by its depressed manufacturing business, Mr Evans denied there had been a rift with Mr Thomson: "His departure was mutually agreed. Chris is a very dynamic person and needs to be fully stretched. With the new managing directors on board, his responsibilities have been devolved down and there is a hit of a void."

As part of a wide ranging reorganisation, Austin Reed last year appointed two divisional managing directors, Roger Jennings to head up the group's retail division and Colin Houlihan to oversee the more difficult manufacturing business, which makes clothes for other retailers as well as its own shops.

Joan D'Oliver, textiles analyst at NatWest Securities called the

resignation "a great surprise". She added: "It is not as if the new board members have just been recruited. But we only have the party line to go on at the moment."

Mr Evans said that trading in women's wear, which had fallen after a disastrous shift from tailored to casual ranges, had bounced back. Against a background of rising consumer demand, like-for-like sales in retail grew 8 per cent at the half year and 6 per cent in the current year despite a lull in sales immediately following the death of Diana, Princess of Wales.

In a reversal of strategy, Mr Evans said the group did not now plan to open women's only clothes stores, but did want to add to the group's 45 shops and single concession over the next three years with acquisitions also "firmly on the agenda".

Mr Evans said that the group planned to reassess its European markets, decreasing the number of customers and developing in new areas such as Spain and Scandinavia. There are no plans to shift manufacturing overseas.

## Rates likely to increase despite mixed signals

**Britain's manufacturers had a busy September, calming fears that the strong pound is hammering industry. On the other hand, the Halifax said that house prices barely rose last month despite the consumer boom, contradicting figures from the Nationwide earlier in the week. Diane Coyle, Economics Editor, makes sense of the mixed signals.**

The first reports taking the temperature of the economy in September are not those most likely to sway the Bank of England's Monetary Policy Committee when it meets next week. City experts reckon the Bank will leave the cost of borrowing unchanged for now but will increase interest rates again in November or December when it has official figures on the pace of growth in the third quarter.

However, yesterday's survey of manufacturing did nothing to strengthen the case against a rate rise, while measures of

house prices from rival lenders muddied the waters by drifting further apart for the seventh month running.

According to the Halifax, house prices edged up only 0.2 per cent last month, taking their inflation rate to 6.9 per cent from 6.4 per cent in August. But according to the Nationwide earlier this week, house price inflation is 12.9 per cent and rising, with the average price close to regaining its 1989 peak.

Ciara Barr, an economist at Deutsche Morgan Grenfell, said that after taking apart the

two sets of figures, they had concluded that the divergence was due to house prices moving at very different rates in different regions. The Halifax lends more in the North, the Nationwide in the South.

"The truth is almost certainly in the middle," said Mr Barr, adding that house prices were probably rising at a national average of about 10 per cent. In a recent study, the investment bank predicted that the pace of increase would pick up around the country.

But the Halifax insisted yes-

terday that there were no signs of house prices accelerating, and forecast that the rate would fall back to 6 per cent by the end of the year.

Separately, the Chartered Institute of Purchasing and Supply reported an unexpected pick-up in manufacturing activity in September. There were sharp rises in output and new orders which were most marked in investment rather than consumer goods. The firms surveyed switched from firing to hiring, expanding employment levels.

Sir Alastair Grant is to be the next governor of the Bank of Scotland, it was announced yesterday, as Sir Bruce Patullo said he would stand down at next May's annual meeting after 18 years at the helm. The appointment of the former Safeway boss had been expected.

Sir Bruce said he wanted to bow out on a high note and chose to make the announcement alongside record interim pre-tax profits of £369.4m for the six months to August. The results

were at the top end of analysts' expectations, but the shares closed 5.5p lower at 506.5p.

Earnings per share rose 20 per cent in the half year to 18p (15p) and the interim dividend increased 19 per cent to 3.46p. The strong result, driven by a reduction in the ratio of costs to income to 51.4 per cent, helped the tier 1 ratio, which measures balance sheet strength, increase from 6.3 per cent to 6.8 per cent.

– Tom Stevenson

Investment column, page 24

## Bank of Scotland governor bows out on a high note

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Investment column, page 24

## Airtours buys Sun World

**Airtours, the UK's second-largest tour operator, yesterday signalled plans for the rapid expansion of its European travel business after announcing the £70m acquisition of Sun World, Belgium's largest tour operator.**

Airtours already has a large business in Scandinavia. The planned takeover of Sun World would give Airtours around one-quarter of the market in Belgium, as well as a toehold in France and Holland. Airtours is also eyeing up the German market.

Harry Coo, Airtours deputy chief executive, said yesterday that further European acquisitions were on the cards. Airtours is also keen to grow in North America. However it will have to compete for acquisition targets with arch-rival Thomson which recently announced intentions to expand across Europe. Thomson is also believed to be keen to capture a large share of the German market.

Airtours is embroiled in a 10-month inquiry by the Monopolies and Mergers Commission into the links between travel agents and tour operators. The MMC, which has been investigating alleged anti-competitive practices, is due to pass its report to the Secretary of State in November. However a final decision is not due until early next year.

MMC concerns have focused on vertical links in the industry between tour operators and travel agents and the practice of tying together holiday insurance and discounts. Airtours said yesterday the most likely remedies from the MMC were rebranding tour operator-owned travel agents and untying of insurance and discounts. Mr Coo tried to play down the effects of such a move, claiming it would not be a big deal. However analysts believe that Thomson and Airtours are likely to be worst hit by such measures.

– Len Peters

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**'Independent' journalist wins insurers' award**



Nic Cicuti (right), personal finance editor of *The Independent*, has won the title of best journalist writing on life insurance and pensions issues, awarded by the Association of British Insurers, the industry trade body. The ABI says the awards salute "excellence in the financial services media".

Nic writes regularly in the newspaper's Wednesday and Saturday pages, as well as for the business section of the newspaper.

St. James' House, Oldbury, Bracknell, Berkshire, RG12 8TH Fax: 0990 668011

## THE INVESTMENT COLUMN

EDITED BY SAMEENA AHMAD

### Sir Bruce gets the simple things right

Assuming no disasters between now and next June's annual meeting, Sir Bruce Partllo will bow out on a high note after 18 years at the helm of Bank of Scotland. Yesterday's record £269m interim profits were 14 per cent up on last year's first half and beat most expectations.

They confirmed the merits of combining the bank's 300-year-old conservatism with an impressive streak of innovation that meant it entered direct banking years ahead of rivals and pioneered supermarket banking with Sainsbury. Despite having no branch network in England, Bank of Scotland's market share of the UK banking sector has risen in a more or less straight line during Sir Bruce's tenure.

It has achieved that by doing simple things right. While many believe that any

rise in costs is unacceptable, Sir Bruce says no company ever downsized itself to greatness. Key is growing income faster than costs and Bank of Scotland has been doing that for years.

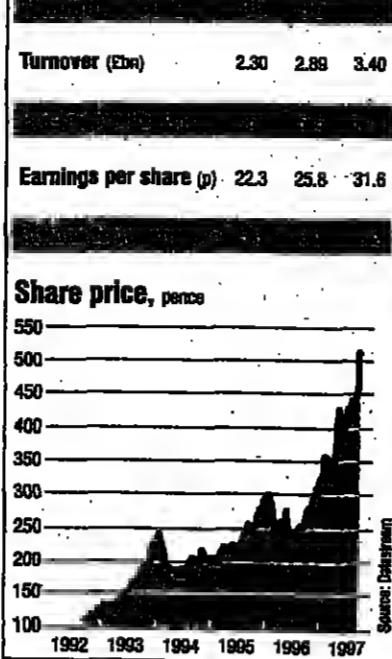
As a result it has some of the most impressive statistics in the sector. The tier 1 ratio of capital to income, the most common measure of a bank's balance sheet strength, rose to a healthy 6.8 per cent from 6.3 per cent. And the important cost/income ratio improved to 51.4 per cent from 52.9 per cent.

Some analysts question Bank of Scotland's strategy, particularly its move into Australia. Shareholders, however, should have no complaints. At the start of 1993, the shares traded at 110p. Yesterday they closed 2p lower at 510p.

Even after such a strong run the price looks justifiable on a forward p/e ratio of 14, although the 1.9 per cent yield leaves little margin of safety. As a relative minnow in a sector of Leviathans, a takeover must be odds on. Good value.

### Bank of Scotland: At a glance

Market value: £6.10bn, share price 505.6p



### Chiroscience still seeking a partner

In these jittery times in the UK biotech sector where share prices plunge on a whiff of bad news, no one wants to disappoint. So Chiroscience was treading carefully yesterday, following the announcement of its interim results. The market has been impatient for it to announce a marketing partner for its lead product, levobupivacaine, a local, long-acting anaesthetic.

With the drug largely through critical final-stage trials and demonstrably safer than alternatives, it will be filed for approval in Europe by the year-end and in the US next April. So where is the high profile tie-up? Though Dr John Padfield, Chiroscience's chief executive, says he is talking to a variety of potential partners, he hinted yesterday that the final deal might be lower key than people expect.

Rather than a marketing alliance, Chiroscience is considering developing levobupivacaine jointly with a pain management specialist who would also be responsible for marketing. Though a deal with a major drug group would give Chiroscience a useful royalty stream, it might in the end extract less value. With cures for cancer and HIV the holy grails of research, pain control is low priority for many drug majors. Levobupivacaine, with estimated peak sales of £200m, might be too small for them to bother with.

Meanwhile, Chiroscience needs to think about its funding needs. With cash burn running at some £2m a month, the group's cash pile won't last long. Though its attractive drug pipeline could attract more alliances, the fastest way to boost cash reserves would be demerging or selling its profitable ChiroTech business, which solves chemical problems for the fragrances and flavours industry. The shares, down 4p to 273.5p are fair value.

Druid's business is providing a package of management consultancy and IT solutions to blue-chip clients. Some 90 per cent of its turnover flows from installing SAP, a German software system which computerises and centralises management's financial controls. Worries that demand for SAP will tail off look premature.

Besides, Druid is seeking alternatives. Also encouraging is that Druid has avoided jumping on the millennium time-bomb bandwagon and so looks relatively insulated from the chronic shortage of computer programmers. Rather than employing computer programmers, it prefers to recruit people who have business experience and then train them as IT management consultants. As a result staff turnover is low. A prospective p/e of 20 is hardly a bargain, but not yet too high. Fairly priced.

### Change at the top doesn't stop Druid

Despite changes at the top yesterday, it looks like business as usual for Druid, the high-flying IT consultancy. Floated at 275p last year, the group has yet to disappoint. After another strong set of results,

### IN BRIEF

#### Northern Rock customers rush to sell shares

New shareholders in Northern Rock were engaged in a rush to offload their shares yesterday, despite predictions that takeover bids could sharply increase the value of their windfalls. Lloyds Bank stockbrokers said nearly a third of its 5,000 calls yesterday morning were requests to sell Northern Rock shares, which finished the day up 11p at 463p.

The rush has been prompted by unexpectedly high prices in an initial auction on Tuesday, when more than 300,000 members sold 190 million shares, yielding windfalls of £1,260 each. Some analysts are predicting that small shareholders may miss out as institutions, convinced that takeovers will push up share prices, snap up the windfalls. But NatWest stockbrokers is urging investors to sell, claiming Northern Rock is vulnerable to interest rate rises.

#### Minister's role questioned

The position of Nigel Griffiths as competition minister has been questioned by John Redwood, shadow trade and industry secretary. In a letter to Margaret Beckett, President of the Board of Trade, Mr Redwood asks why Mrs Beckett's department is refusing to say whether Mr Griffiths is handling the ICI/Dupont competition case. Mr Redwood points out that Mr Griffiths has already been excluded from two travel trade competition inquiries and the merger reference of P&O and Stena. Mr Redwood adds for good measure that the Government's competition policy "is a mess".

#### One2One is mobile leader

One2One became the fastest growing of the UK's four mobile phone networks in the third quarter of the year, adding 108,000 net new subscribers to its customer base, a figure four times ahead of the same period in 1996. The news, a sign that growth is picking up in the mobile market, was ahead of the 98,000 net new subscribers revealed by Vodafone for the three month period between July and September.

Orange, the newest network, was close behind, expanding its subscriber base by 90,000, to just over a million customers. Cellnet, still the second biggest network, lagged behind its rivals with net growth of 68,000, though the increase was an improvement on the operator's recent performance.

#### NatWest Australian sale

NatWest Bank has sold County NatWest Australia, its Australian fund management arm which has just under A\$960 under management, to National Australia Bank for an estimated A\$100m (£45m). It will be renamed County Investment Management and existing senior management will be retained. NAB is Australia's biggest bank but currently has only A\$5bn under management.

#### Dixons in the clear

Shares in Dixons rose 18p to 663p after an unofficial inquiry by the OFT following complaints cleared the electrical retailer of putting pressure on out-of-town retail parks to exclude competitors from their sites.

#### Glaxo to close Swiss unit

Glaxo Wellcome intends to close the Geneva Biomedical Research Institute, its research centre in Switzerland which specialises in molecular biology. It will be closed by the end of April next year, with up to 170 redundancies. Research work will be transferred to locations in the UK, US, Italy, France, Spain and Japan. Since the Geneva Institute was acquired in 1987 molecular biology has been integrated into the drug discovery process, Glaxo said yesterday.

#### Nuclear approaches

British Energy the UK nuclear power generator, has been approached by up to two dozen nuclear power station owners in the three weeks since it set up AmerGeo a joint venture with Poco Energy specifically to buy nuclear power stations in the US. They include the two reactors at the Three Mile Island site, put up for sale this week by its owners, General Public Utilities. TMI1 is one of the most efficient generators in the US, but TMI2, the site of a serious nuclear accident in 1979, is unlikely to interest AmerGeo.

#### COMPANY RESULTS

	Turnover £	Pre-tax £	EPS	Dividend
Amidia Reed (I)	39.8m (38.9m)	2.5m (2.3m)	5.5p (4.3p)	2.5p (2.25p)
CH Energy (I)	4.2m (4.0m)	-320,055 (681,671)	0.88p (1.14p)	0.25p (0.08p)
Brooks Service Grp (I)	14.5m (13.5m)	307,000 (243,000)	1.65p (1.36p)	1.3p (1.25p)
Bank of Scotland (I)	- (-)	369.4m (324.3m)	18p (15p)	3.49p (2.31p)
Chiroscience (I)	9.2m (4.7m)	-14.4m (7.6m)	-13.6p (9.7p)	n/a
Dicos Group (I)	50m (52m)	3.55m (22.0m)	-34p (10.7p)	2.4p
Johniles Group (I)	78.3m (71m)	1.18m (1.65m)	3.35p (7.5p)	4.6p (4.5p)
Provence Group (I)	62.3m (45.8m)	1.57m (1.21m)	9.8p (11p)	3p (0.05p)
Artisan Share (I)	17.1m (18.2m)	-1.9m (-3.7m)	-5.3p (4.72p)	n/a
Style (I)	137.1m (88.5m)	-2.49m (571.000)	-4.17p (1.25p)	n/a
(I) - Final (I) - Interim				

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## BT leads the way as Footsie continues its spectacular advance

## MARKET REPORT

DEREK PAIN  
STOCK  
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OF THE YEAR

In just four trading days Footsie has soared 251.6 points, probably the most spectacular advance ever witnessed.

Yesterday, with BT leading the charge, the index rose 72.9 to 5,317.1, yet another peak. Trading was heavy with Seag turnover nearly hitting 1.2 billion shares. BT and Northern Rock were responsible for around one-third of the action. Supporting indices made modest headway but it was very much a blue-chip party with, it seemed, more fund managers reluctantly stirring from the sidelines.

The latest upsurge occurred after Cartmore, the National Westminster Bank subsidiary with £47bn under management, disclosed it too was piling up cash, raising its liquidity to 17 per cent. It now rivals PDMF as the stock market's biggest bear.

There is no doubt the madcap autumnal stampede has caught many professionals on the hop. One described yesterday's display as "manic" and many likened the WorldCom counter-bid for MCI to the excesses of the last bull market when Saatchi & Saatchi attempted to win Midland Bank and little engineer Benlow audaciously bid for Storehouse.

Still there is a strong view that even at its seemingly heady level the market is still not overvalued and there is room for further headway. The emergence of the new bid for MCI had BT shares buzzing, largely on hopes it will be forced to return more cash to shareholders via another special dividend.

At one time up 46p they closed 32.5p higher at 442p. Seag put turnover at a remarkable 159.4 million, indicating arbitrageurs were still playing heavily.

If BT is tempted to walk away from MCI the market believes it would renew its efforts to take over Cable & Wireless. Its earlier attempts failed but did clinch C&W to more than 600p. The shares jumped 33p to 560.5p on the prospect of renewed attention.

Others to enjoy the BT buzz included Orange, up 9p to 230.5p, and Vodafone, claiming more than 4.6 million customers. 135p at 346p.

Colt Telecom, offering cut-price services, was another enjoying a busy line, drawing additional support from regulatory moves to increase competition. The shares rose 36p to 506.5p. They were sold at 275p in December.

Besides the telecom excitement the market drew strength from a rampant per-

formance by Government stocks, higher by up to 1.25, and a strong New York display with the Dow Jones Average topping 8,000 points.

Shell had another active session with NatWest Securities drawing attention to its lack of sparkle compared with British Petroleum; the shares flared 23p to 476.5p.

Northern Rock could not

have chosen a better day for its debut. In heavy trading it ended at 463p against a 451.9p auction price.

Other financials were hitting the high spots with Barclays up 47p to 1,721.5p and National Westminster Bank, selling its Australian fund management side, 16p to 952.5p. Leading retailers, such as Kingfisher and Marks & Spencer, were in the money on hopes they will benefit from the Northern Rock windfall.

Supermarkets, however, were in retreat and after its recent run Storehouse succumbed to profit taking. Coalson, the industrial materials group, was firm at 252p after a dinner hosted by Henderson Crosthwaite: Dairy Crest, meeting analysts, held at 275p.

Viglen, the Amstrad spin-off, jumped 16p to 79p on its

## TAKING STOCK

EMI, one of the market's takeover plays, could be turning in to GWR, the ambitious commercial radio group. It has acquired 4 million shares, increasing its stake to 13.58 per cent. The shares were probably picked up when Capital Radio sold its 12.9 per cent interest on Monday. GWR, where the Daily Mail and General Trust sits on 19.2 per cent, held at 189p.

Wiggins, the property group, is holding investment meetings. The company is no doubt drawing attention to its successful take over of Tomorrow's Leisure.

Early this year it paid £12m for the 75 per cent it did not already own. It has since sold TL's two hotels for £12.8m and still has large chunks of TL land including the Liverpool Gardens Festival site. Wiggins firmed to 10.5p.

## Share spotlight

share price, pence

550

450

350

250

SOND JFMAMJJAS

Source: Bloomberg

Bloomberg Generic

GIC Prices are Bloomberg Generic.

## Share Price Data

Prices are in sterling except where stated. The yield is the latest twelve months' declared gross dividend expressed as a percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding extraordinary items but excluding exceptional items.

Other details: Ex rights x Ex dividends x Ex split; S suspended; P Party Paid; np Not Paid; \*APR.

Source: Bloomberg

## Next recession will push Gordon Brown's commitment to the limit



DIANE COYLE  
ON WHAT WILL HAPPEN WHEN BOOM TURNS TO BUST

Britain's economy is probably somewhere around the top of its boom, precisely the stage of the cycle at which optimism becomes irresistible. The time has therefore come for economists to do their duty and spread some gloom about the prospect of a recession. No Chancellor likes a recession, but it will be particularly testing for Gordon Brown given that he has promised a long-term improvement in Britain's economic performance and made a new commitment to full employment. For recessions, of course, bring falling growth and rising joblessness.

Mr Brown deserves full marks for addressing the economic issues that are of most concern to the electorate – the deep, underlying issues of productivity, inequality and jobs. Too often in the past policymakers have focused entirely on things that are not quite so hard to influence, such as GDP and inflation, even though these are at one remove from what really concerns people. But improving Britain's record on job creation and income inequality will prove a long haul, and concentrating on them will not allow the Government to avoid the problem of managing a recession.

How, for example, will a Government committed to full employment, however that is defined, react to the redundancy programmes that the next downturn will bring? Evidence in a book published today on how companies cope with a recession offers some tantalising hints

about how Mr Brown might start to address this.

The key point brought out in the book\*, co-authored by Paul Geroski, a professor at the London Business School, and Paul Gregg, an adviser to the Chancellor, is that a downturn does not affect all companies equally, and relatively few suffer enough to axe a lot of jobs. The results from a detailed survey of more than 600 firms are startling.

They show a large amount of job churning concentrated in relatively few companies. Even in the most prosperous boom years nearly one-third cut jobs. On the other hand, during the 1991-92 recession, two-fifths did not reduce their level of employment, and even in 1981 one-quarter of firms did not shed labour. The swing from boom to bust switched about one in five companies from hiring to firing and left the other four out of five doing whatever they had been doing anyway. The authors write: "Employment growth and contraction are highly concentrated in a small number of firms who experienced big changes in employment in booms and recessions."

Of the 2,100 firms which provided information for the years 1989-91, only one-half cut jobs. Nearly 90 per cent of the job losses, which amounted to a net 361,000, occurred in 56 firms – that is, to just one-tenth of the sample.

The book goes on to investigate why some companies are much more vulnerable to downturns than others, with only half of those questioned claiming to be severely affected. Performance during the preceding boom seems to offer little clue to how well each firm copes with the bust. Some of the laggards during the recovery survive while apparently thriving ones swing the jobs axe savagely.

Large companies seem more at risk than small ones, contrary to popular impression. Holding companies and highly diversified ones were also less robust. So were those that had expanded rapidly, often by takeover, taking on a lot of debt, although their vulnerability seems to be mainly a matter of unlucky timing in having their growth spurt too close to the point where the economy turned down. But beyond establishing that the variation in performance between companies has increased over time, these results are not especially revealing.

More interesting is the way firms react to recession. Uniformly, they try to cut costs by cutting jobs and limiting wage growth, and by reducing investment in plant and equipment, but not investment in intangibles such as advertising, marketing and R&D. Nor do they cut dividends. In other words, the two recession strategies they opt for are precisely those least helpful to Mr Brown's long-term aims of sustaining full employment and boosting long-term growth. What's more, the two economists report that the job shedding has only a temporary effect on productivity, or output per employee.

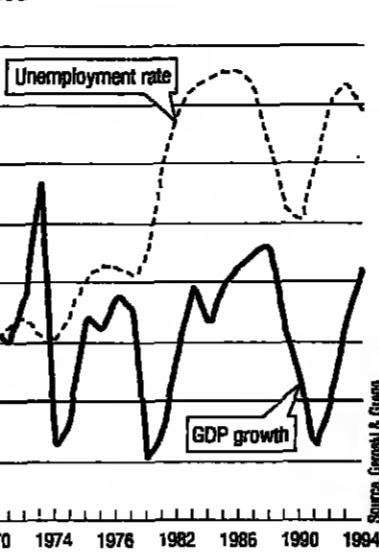
There is a puzzle in these findings. Why do a small minority of companies find it easier to sack a few thousand people than reduce their dividend bill? Wouldn't a hit of financial engineering be easier and better for the business in the long term than losing human capital and damaging morale? Evidently not, although the book provides some evidence that a strong union does make firing people less of an easy option. These findings will fuel the Government's determination to press on with corporate reform in order to shift the burden of risk-taking away from employees and on to shareholders.

But would using the tax system to reshape the way companies cut costs during a recession be enough to meet the pledge to keep the economy close to full employment? Probably not. One issue is what full employment means.

### Jobs and the business cycle

Profits and job cuts for 2,100 firms 1989-1991

Decile	Change in operating profits (£'000)	Change in employment (000)
Bottom tenth	-27000	-725
2nd decile	-2864	-77
3rd decile	-1280	-31
4th decile	-1650	-12
5th decile	-319	-3
6th decile	-113	1
7th decile	16	7
8th decile	222	20
9th decile	806	60
Top tenth	9899	400
Total net change	-21300	-361



Source: *Business & Society*

costs by cutting jobs and limiting wage growth, and by reducing investment in plant and equipment, but not investment in intangibles such as advertising, marketing and R&D. Nor do they cut dividends. In other words, the two recession strategies they opt for are precisely those least helpful to Mr Brown's long-term aims of sustaining full employment and boosting long-term growth. What's more, the two economists report that the job shedding has only a temporary effect on productivity, or output per employee.

A more fundamental point is that unemployment is not a problem of companies making too little work available; the conventional wisdom that unemployment just reflects inadequate labour demand is wrong. It is easy to stimulate demand. If Mr Brown wanted to avoid a recession, he could allow more public spending or cut taxes. The difficulty is that simply expanding demand would run the economy into the supply buffers and lead to inflation. Solving the unemployment problem also requires the expansion and improvement of labour supply.

America's great achievement has been to draw into work more categories of people who were not previously participating in the labour market. They are often on low pay but their entry into work has allowed demand to carry on expanding without triggering inflation.

Tackling British unemployment will similarly involve getting people who have not typically worked into jobs on, probably, low wages, or improving their skills enough to warrant taking them on at higher wages. For all the Government's talk about reskilling the workforce and its welfare-to-work programmes, they will be lucky indeed if it happens in time for the next recession.

\* "Coping With Recessions", Paul Geroski and Paul Gregg, Cambridge University Press £40 or £4.95.

## PEOPLE & BUSINESS

JOHN WILLCOCK



used to being "Barbara's husband" and "the father of the Governor of Texas".

Field-Marshal The Lord Inge GCB, DL, is joining Racal as a non-executive director. He should be useful to the company, which is deeply involved in military technology, since he was Chief of the Defence Staff. Britain's top military post, until last April, Lord Inge, 62, joins the electronics company following a long and distinguished career in the armed forces. He was commissioned into the Green Howards in 1956, and served in Hong Kong, Malaya, Libya, West Germany, Northern Ireland and England before assuming command of Northern Army Group and the British Army on the Rhine on his promotion to General in 1989. He became Chief of the General Staff in 1992 and Chief of the Defence Staff two years later.

Granville, an independent investment bank specialising in information technology, has been signing up a colourful team of people over the past few months. Yesterday Chris Conway, chairman and chief executive of Digital Equipment, joined as a non-executive director. Other recent signings include Leonard Licht, the legendary fund manager and former Mercury Asset Management star, who is acting as a consultant to the group. Jane Tozer, a former IBM heavyweight and founder of Softwright, a software company, is providing strategic advice, while Charles Tilley, a former finance director for Hambros, is the finance and oew business director.

David Davies has gone from Mickey Mouse to condoms in one leap. Mr Davies left The Disney Store, Europe, in May, and is about to succeed James Tyrrell as finance director of London International Group (LIG), makers of Disney condoms and Marigold household gloves. Mr Tyrrell is retiring in August next year and will hand over most of the executive reins to Mr Davies this November.

Michael Moore, chairman of LIG, said yesterday: "James Tyrrell played an essential role in restructuring LIG, bringing it back from the brink of collapse in 1993."

LIG's previous management had diversified into fast photo processing, and the company nearly went bust in 1993. Nick Hodges was put in as chief executive to turn LIG around, and he imported Mr Tyrrell from Abbey National. Together they launched a successful £115m rescue rights issue and revamped the balance sheet.

Mr Davies has a solid record as an international financial bod, having held senior positions at BOC Group and Grand Metropolitan.

Burmah Castrol's Tim Stevenson is to succeed Jonathan Fry as chief executive of the independent lubricants and chemicals group. Mike Dearden, currently chief executive of Burmah Castrol's chemicals group, will take over from Mr Stevenson as chief executive of the lubricants division. In a shake-up following Mr Fry's succession to the chairmanship, Jamie Pike will succeed Mr Dearden and join the board of Burmah from February next year.

### Foreign Exchange Rates

Country	Sterling	Dollar	Country	Sterling	Dollar
UK	1.0000	1.5955	Canada	0.6203	0.9219
Australia	1.2000	2.2171	1.2336	0.6955	0.3491
Austria	2.0510	2.0224	2.0063	1.2485	1.7033
Belgium	5.9123	5.9344	5.9581	3.6625	3.6038
Canada	2.2257	2.2357	1.3788	1.3788	0.7769
ECU	1.4610	1.4765	1.4903	1.0667	1.0222
Finland	8.3772	8.5496	8.4954	5.9336	2.9941
France	8.9242	8.983	8.952	5.9808	3.5598
Germany	1.2482	1.2478	1.2788	1.1788	1.0203
Greece	4.3242	4.5779	4.5679	2.8029	2.8150
Hong Kong	12.498	12.495	12.7370	7.7799	4.3594
Ireland	1.1120	1.0900	1.0900	1.0450	0.9878
Italy	2.0507	2.0507	2.0507	1.4789	1.4789
Japan	13.510	13.508	13.508	10.233	9.8106
Malaysia	5.4303	5.4303	5.4303	3.3643	3.3690
Mexico	12.5711	12.5711	12.5711	8.7750	4.3673
New Zealand	2.5130	2.5081	2.5081	1.5558	1.5526
Norway	1.1596	1.1481	1.1481	0.7748	0.7091
Portugal	2.2523	2.2604	2.2604	1.6105	1.6105
Spain	2.1495	2.1647	2.1647	1.4678	1.4678
Sweden	2.2574	2.2460	2.2460	1.4503	1.4503
UK	1.5811	1.5811	1.5811	1.0000	0.5634

### Interest Rates

Country	3 mth	chg	1 yr	chg	2 yr	chg	5 yr	chg	10 yr	chg
UK	7.00%		7.00%		7.00%		7.00%		7.00%	
Australia	7.37%	-0.06	7.37%	-0.06	7.37%	-0.06	7.37%	-0.06	7.37%	-0.06
Czech Rep	3.27%	-0.06	3.27%	-0.06	3.27%	-0.06	3.27%	-0.06	3.27%	-0.06
Egypt	5.4597	-0.06	5.4597	-0.06	5.4597	-0.06	5.4597	-0.06	5.4597	-0.06
Germany	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06
Japan	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06
Malta	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06
Netherlands	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06
Poland	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06
Portugal	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06
Spain	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06
Sweden	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06
UK	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06
US	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06	3.00%	-0.06

### Life Financial Futures

Contract	Settlement	High	Low	Est. floor volume	Open interest
Long ERI	Dec-97	102.08	102.04	107,622	19,730
German Long Bond	Dec-97				

## PowerGen boss wants a rethink on competition



COMMENT

ED WALLIS.  
CHAIRMAN OF  
POWERGEN. ON  
WHY HE SHOULD  
BE ALLOWED TO  
OWN A REC

mark for efficiency, safety and environmental performance. Improved efficiency throughout the industry means energy bills are up to 20 per cent lower, saving the average household around £60 per year. Customer complaints have halved.

Downstream, in the supply of energy direct to our homes, Britain is leading Europe in completing the single market. Now, customer choice should bring lower bills, better services and a greater focus on energy efficiency and environmental performance. But not even the system's architect, the industry regulator, Professor Stephen Littlechild, believes that most electricity customers will have a worthwhile choice. He predicts that, over the next two years, fewer than 1 in 20 consumers will have sufficient incentive to switch supplier. This reinforces government fears

that a small minority of wealthier homes will benefit, rather than lower income households.

Why? Because all the regional monopolies benefit from the status quo. None of them gains from competing head to head. And the barriers to market entry are too great to allow companies like PowerGen to cut out the middle man and market the product they make direct to customers.

What we have is an industry structure that resembles the ITV network of regional franchises. What is needed – if competition is to take root – is one more akin to petrol, banking or even the supermarkets. Five or six strong players and a number of smaller competitors would have a powerful incentive to compete to win business from each other. The risk of competition being stalled or moribund as 12 incumbent monopolies try to defend their own home territory would end.

It is multi-energy companies – active in all areas of the supply chain – that will bring change and customer choice. The bigger the customer base the more companies are able to reduce the costs of serving customers. The wider the contract portfolio, the more able a company is to hedge the risks when capital costs are high and demand is volatile. The more competitive the market, the more companies will invest in a strong brand and customer service.

The Government doesn't have to impose this model on the industry. But it does have to decide to let business strategies evolve within a stable, consistent and transparent regulatory framework. Scottish Power and The Energy Group generate, distribute and supply electricity. Centrica, gas supplier to 16 million households, produces gas from Morecambe Bay. Multi-utility companies, spanning

telecoms, water, gas and electricity, are emerging.

Allowing other generators to expand into electricity distribution and supply would break the current impasse. As a result it should entice new entrants – independent suppliers, retailers and others who would force the bigger players to remain agile and responsive to customers.

And it will give domestic competition the kick start that it so desperately needs. Restructuring should also bring further customer dividends through increased efficiencies benefiting all households, not just a favoured few. Public policymakers would be able to ensure that energy efficiency does improve and low income households are also able to benefit. It would enhance the competitiveness of UK companies in global markets where operating throughout the supply chain in a range of energy and other utility services is increasingly important.

Others may have a different vision of how the market should develop, but no one should doubt the need for a step change in government and regulatory policy. The previous government found that the industry structure it created at privatisation was not sustainable. But it was unwilling to accept the new market-led evolution of the industry. A continuation of this erratic policy will not deliver effective competition or genuine customer choice.

The nasty shock for 20 million households is that they would then bear the costs and risks of creating the administrative infrastructure of a competitive energy market without any real hope of benefiting from it. All of us – industry, regulator and government – would then be held to account for denying our fellow citizens the competitive choices they clearly expect.



Pamela Anderson of 'Baywatch': Pearson was attracted by All American's formats with global appeal

## Pearson pays \$513m for 'Baywatch' group

Pearson Television is set to fulfil its ambition of becoming the world's largest international television producer after it finally confirmed its \$513m (£318m) bid for All American Communications, which makes the *Baywatch* beach drama. Cathy Newman reports

Pearson reached agreement with All American, which owns and distributes drama series and game shows such as *Blind Date* and *The Price is Right*, early yesterday morning after all-night negotiations.

Majorie Scardino, chief executive of Pearson, said: "We have pursued All American for a while because it fits perfectly with our strategy of owning

formats which are transportable around the world."

Pearson has in the past bought programmes such as *Neighbours* to export internationally. Greg Dyke, chief executive of Pearson TV, said the company first started talking to All American in 1995, the year Pearson TV became an international producer through its acquisition of Grundy.

He poured cold water on City analysts' worries that UK companies had come to grief in the US television market in the past, saying Pearson had entered the US in order to be a world player. The ITV company TVS got into difficulties in 1988 when it paid \$320m for MTM Entertainment, but sold out five years later for \$94m.

Toni Scotti, the founder of All American who owns around \$200m worth of shares, is to leave the company, along with roughly a dozen senior managers.

Derek Terrington, media analyst at Teather & Greenwood, was one of the more optimistic observers. "This is in line with the market places they've said they want to have a strong presence in." He said it now appeared that Mr Dyke, who was rumoured to have been on the point of quitting in recent months, was in for the long haul. "This must delight Greg Dyke as he's now got a big international business to run."

Another analyst said that although All American's programming was undoubtedly down-market, there was "a big market for tackiness".

Mrs Scardino said the deal had been funded in part by the sale of "passive" television interests. Pearson has raised £134m this year from the sale of minority stakes in TVB, the Hong Kong broadcaster, and in Fletchee. Other shareholdings, such as the stake in BSkyB, are being "looked at closely".

## Malaysian PM deepens crisis

The Malaysian currency, the ringgit, suffered further big losses on the international money markets yesterday, after the country's Prime Minister Mahathir Mohamed, renewed his call for a total ban on all currency trading.

His remarks, made during a trade conference in Chile, not only saw the ringgit drop to its lowest level, but also helped fuel a renewed battering of several South-east Asian currencies.

Malaysian businessmen probably breathed a sigh of relief when the Prime Minister left for Chile earlier in the week. He has earned notoriety for his rash criticism of "currency speculators". Although his threats of legal action against traders who have profited from the ringgit's slide have been taken seriously by few, they have been enough to erode confidence in an economy that had regained only a fraction of its lost ground, closing at 3.3540.

Stocks on the Kuala Lumpur exchange were also hit hard. The key index fell more than 2 per cent, compensating the significant losses of the past few months.

"The markets are already jittery about the Malaysian economy," said one Kuala Lumpur-based trader, "but remarks like the Prime Minister's help no one. They only breed nervousness."

Yesterday's trading also saw other regional currencies under heavy pressure. The Indonesian rupiah hit a new low against the dollar, while the Philippines Central Bank was forced to intervene to bolster its currency, the peso.

– Matthew Chance

## Italian stocks and bonds slump in EMU entry row

Italian stocks, bonds and the lira all plunged yesterday as Romano Prodi, the Italian Prime Minister suspended talks with unions to make welfare-spending cuts deemed critical to Italy's entry to Europe's single currency.

Mr Prodi is facing defeat of his 1998 budget by his hard-left allies in the worst crisis since his centre-left coalition took power in May 1996. The assault on Italian financial assets sparked calls for fresh elections.

Italy's all-share Mibtel

Index shed 466, or 2.9 per cent, to 15,403, its worst one-day drop in 19 months.

Futures on Italian bonds for December settlement in London dropped 0.56 to 111.40, and the Italian lira tumbled to 980.0 lire per German mark from 977.1 lire.

Some stock and bond investors, though, said they still expect Mr Prodi's government to survive and bring the budget deficit below 3 per cent of the gross domestic product – a pre-condition for joining EMU in 1999.

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## One of my acquaintances confined himself, hilariously, to unintelligible grunts and gestures

It was all very well for people to go on about the important part Severiano Ballesteros played without striking a ball for Europe in the Ryder Cup, but an irritating feature of sport today is the extent to which advisers are permitted to intrude on the action.

The impression grows that if some football coaches had their way players would be wired up to receive information. I can think of some whose eyes would light up if the facility were made available to them.

In fact Arsenal experimented with this many years ago at their training ground. The Welsh international Mel Charles, the younger brother of John Charles, found the experience utterly bar-

fing. After 10 minutes Charles, an instinctive player, tore out his earpiece and stamped on it. "I'm so fucking confused," he said, "that I don't even know which way I'm supposed to be kicking."

One of the reasons why football has become so fashionable is because spectators can be lazy and creative in their enthusiasm. Unfortunately for coaches when their teams have not been winning enough, which usually is the case, the crowd can get sullen and mutinous. In his efforts to avoid this, the coach advises against spontaneity.

The immediate visible result is that coaches come more and more into the picture, often exhibiting quite violent excitement. Such

behaviour figures so often in the televising of football that a monthly award for touchline animation would come as no surprise personally.

It is not that long ago since touchline instruction was frowned on by the authorities. Coaches were required to remain seated and comport themselves in a manner that did not provoke the audience. Now they are allowed within a yard of play to issue orders and admonishment.

Until recently, rugby union teams remained on the field at half-time, beyond the reach of their coaches. The interval is now spent in the dressing-room and the captain's influence has consequently diminished.



KEN JONES

A gift for humourless, non-stop overstatement of the obvious turns some coaches into parodies of themselves. One of my acquaintances confined himself, hilariously, to unintelligible grunts and gestures. Joe Mercer once admitted that

his gifts in management had little bearing on the transformation that saw Aston Villa come from a 4-0 interval deficit to draw 5-5. "I was so mad that I kicked over the tea urn and left them to it," he said.

In the recorded history of sport, players are seldom disappointed by a change in management. A new coach is a new hope, a chance to show that the old coach did not know what he was doing when he failed to recognise their extraordinary ability. It means they won't have to listen to the same old spiel, the same threats and pleases — they'll get exciting ones.

The idea Brian Clough conveyed to his championship teams at Derby County and Nottingham Forest was that they were nothing without him. No player was safe from his scalding tongue.

One of the things we have to remember is that team players are often so occupied by their small piece of the action and so preoccupied with themselves and their fears that they rarely have a conception of the big picture of the team or the game. That is why modern coaches take more and more upon themselves.

This has the paradoxical effect of creating problems in initiative that the coach is trying to alleviate. After Liverpool edged nervously past Celtic in the Uefa Cup this week, the BBC pundit Alan Hansen touched on the difficulties confronting their

manager, Roy Evans. In Hansen's view the players should be accepting a lot more responsibility for Liverpool's patchy performances.

The trouble with the procedure that keeps coaching staffs occupied, alert and off the streets at night, is that it contains the seeds of its own destruction. In time players become conditioned to the notion that there will always be someone to do their thinking.

Encouraging more initiative than the game plan normally allows may seem like a sign of weakness to a coach, of losing control, of defeat, a reflection on his genius. What they should bear in mind is that sport was meant to be unrehearsed entertainment.

## Unloved Lewis to show his evil side

**Britain's Lennox Lewis will be the loneliest man in Atlantic City when he defends his World Boxing Council heavyweight title in the early hours of Sunday, but, as he told Glyn Leach, that might just bring out the devil in him.**

In times of adversity, a man discovers who his true friends are and for Lennox Lewis, a penny appears to have dropped regarding his six-year relationship with American promotional group Main Events. On Saturday evening, local time, in Atlantic City, the World Boxing Council heavyweight champion faces Poland's Andrew Golota, a Main Events stablemate, and Lewis has no doubts as to whom his "mentors" wish to win.

"It would be in Main Events' interest to get me beaten because they have more control over Golota and more investment in him than me," Lewis says. "It's just the way that boxing is."

Lewis is promoted by the London outfit Paux, co-promoted by Main Events, but the Chicago-based Golota belongs to the men from Totowa, New Jersey, lock, stock and barrel. Americans might term it a "no-hrainer".

Lewis has often talked, if not always convincingly, of his willingness to face reality and there is no denying the truth of his situation; the men who helped make Lewis are now willing to break him. The chess-loving champion has become a pawn

to be sacrificed for a piece perceived to be of greater worth in the long-term game.

"I don't like to think that Main Events see me as past my sell-by date," says Lewis. "But if they do, they're taking a hell of a gamble."

Golota is known for his fouls and transgressions rather than his victories. But while he may be one of boxing's *bêtes noires*, the Polish giant is a genuine great white hope; mean, moody and marketable. Lewis, despite just one defeat in 32 fights (25 wins by KO), has been found to be none of those things. Lewis has failed to capture the American public's imagination. And in boxing, if you don't sell you can go to hell.

Lewis, 32, is perhaps guilty of nothing more than a failure to stand up and be counted. Is he British, is he Canadian? Is he a boxer, is he a puncher? People are confused by the east London native with the transatlantic accent, so brutally effective an attacking force yet so often a seemingly reluctant aggressor.

A pleasant if somewhat aloof individual, Lewis, unlike many of his *ring* brethren, seeks not to offend. But it seems that his half-hearted attempts to be all things to all men have resulted in him meaning very little to anyone. Anywhere. In Britain, where Lewis has not fought since September 1994, his popularity has dwindled. Despite his fight being vastly the more competitive, Sky Sports has initially chosen to present the following weekend's relatively routine outing by Nassem Hamed on a pay-per-view basis.

In the States, this fight is all

about Golota. Main Events are paying Lewis more than they ever have, \$7m (£5.4m), to defend his title against a fighter patently undeserving of a shot; a man disqualified for low blows, in his last two fights. This will be Lewis's first pay-per-view fight in America and the reason this window of greater financial opportunity has opened for him is Golota, the wrecker of Riddick Bowe, the "Beast from the East" that America wants to see beaten. But by one of their own, not by a spurious citizen of the world like Lewis.

When Golota sparred in Times Square, New York, earlier this week, a crowd of 300 admirers chanted his name. Advance tickets sales of 11,000 for the fight at the Atlantic City Convention Center have brought projections of the biggest fight crowd in the East Coast gambling mecca since 20,000 people watched George Foreman challenge Evander Holyfield in 1991.

"Make no mistake, 95 per cent of that crowd will be behind Golota. It's going to be very hostile," Emmanuel Steward, Lewis's trainer and co-manager, said.

"Lennox has never gone out of his way to ingratiate himself with people. He's no Frank Bruno, and this is the result."

For the first time since before his fight with Gary Mason, who was stopped in seven at Wembley Arena in March 1991, Lewis is an underdog.

If Golota can keep it clean, the American consensus says, victory is well within his grasp. The heat is on for Lewis, the pressure mounting and, he believes, a psychological assault has already begun.

Main Events claim to be embarrassed by the sense of alienation Lewis has expressed in the run-in to this fight. Have they not supported him for years? Was it not they who, in March 1996, fought a legal

battle to win him a shot at the WBC title?

But it was Main Events who failed to have Lewis picked up from the airport. They who did not have a suite booked for him when he arrived at his At-

lantic City hotel. Mind games or misunderstandings? Lewis is in doubt. "There's plenty of evidence to say they're against me," Lewis said. "But it brings out the best in me, makes me more determined. And it will

give me the motivation to prove that I, too, can be evil in the ring."

Perhaps, at last, the real Lewis is ready to stand up and take the acclaim he has been denied. It would not be before time.

## World title chance for Eubank

Chris Eubank has been given a surprise opportunity to become the World Boxing Organisation super-middleweight champion once again.

The Brighton-based former world champion will fight the 25-year-old Welshman Joe Calzaghe in an interim title bout with the winner to meet the holder, Steve Collins.

The Irishman, Collins and the No 1 contender Calzaghe — a southpaw undefeated in 22 fights — were due to meet in Sheffield on 11 October, but the fight has been postponed for the third time after Collins withdrew with a leg injury.

The promoter Frank Warren has instead turned to the 31-year-old Eubank, who was due to fight a light-heavyweight contest on the same hill.

"This fight has been postponed three times now and we've done all we can to accommodate Steve, but we can't go on like this," Warren said.

Eubank will have to shed 6lb to make the 12st weight limit and step down to the super-middleweight division, something which prompted concern from the British Boxing Board of Control.

"We shall be wanting to know what Chris weighs now so we are satisfied he can dehydrate sufficiently to 12 stone to make the weight," John Morris, the BBC's secretary, said.

Eubank, a veteran of 49 contests, the last one in Egypt, does not expect any problems slimming down. "I am 12 stone now so it's not a lot and before I fought Michael Watson for the first time I lost 19lbs," he said, "so I'll do it just by training and going on my usual fruit diet."



Ready for trouble: Lennox Lewis, the champion who expects a hostile reception in Atlantic City

Photograph: AP

## Computers and know-how sunk by the weather

**Pundits and crystal ball gazers have all been made to look as much off the pace as the competitors in the first 10 days of the Whitbread Round the World Race.**

**Stuart Alexander explains how the weather has defied the cream of ocean racing.**

A fast race with the 10-boat fleet bunched all the way round was how the Whitbread was supposed to turn out. Instead the multi-million pound yachts are spread over 200 miles of sea from east to west, with 427 miles the distance from the leader to the back marker.

The favourites were Chris Dickson in Toshiba, who is now

furthest east of the top

competitors, and Britain's Lawrie

Smith in Silk Cut. But where do we find them? A long way

behind in fifth and sixth places.

The new generation of W60 boats were expected to be significantly quicker than the boats which competed for the first time in 1993-94. Instead, they are well behind schedule and there has been talk of food rationing in order to avoid running out before the end of the 7,350-mile leg from Southampton to Cape Town.

In control has not been the prodigious line-up of racing talent, nor the know-how of some of the best navigators hooked into powerful computers.

The boss has been the fickle weather and light winds, though those who have followed the Royal Navy maxim issued in 1732, to go as far west as possible rather than sailing closer to the African mainland, seem to have benefited.

Innovation Kværner was leading by 40 miles yesterday and after her came Paul Cayard's EF Language and Grant Dalton's Merit Cup. But although they were well separated on the water, there was less than a mile in distance to

the finish between the second and third boats.

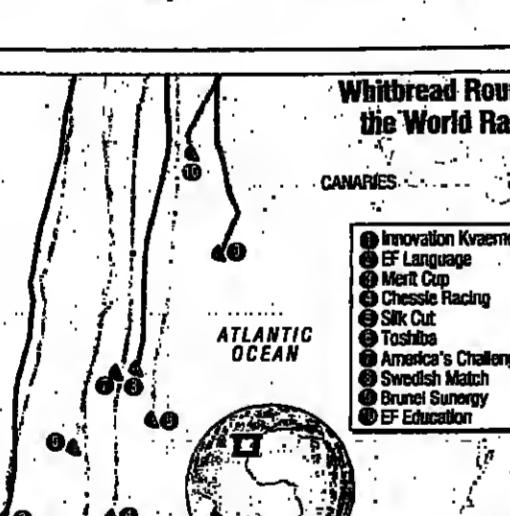
Nor has there been much shuffling of positions, though the dice will again be rolled again over the next few days as the fleet chooses where, if not always when, it will cross the Doldrums.

Once through the Doldrums, there should be trade winds for days on end, but until then the underlying emotion will be anxiety, especially about being left behind in the sticky heat and unpredictable squalls.

Smith's mood was sombre as the leading boats, heading towards the Cape Verde Islands, ran into fresher breezes.

"It looks like things may get worse before they get any better in terms of mileage lost," he said.

WHITBREAD RACE (First leg, 7,350 miles, Southampton to Cape Town). Latest positions: 1 Innovation Kværner (Nor) K Frostad 5,077 miles to finish; 2 EF Language (Swe) P Cayard +403 miles; 3 Merit Cup (GB) G Dalton +405 miles; 4 EF Language (Swe) C Dickson +417 miles; 5 Silk Cut (GB) L Smith +424; 6 Toshiba (GB) C Dickson +425; 7 American Challenge (USA) D Paine +426; 8 Swedish Match (Swe) H Brorsson +427; 9 Brunel Sunergy (Swe) H Bousholts +429; 10 EF Education (Swe) C Gullou +429.



## Ruud boys

Slovan Bratislava vs Chelsea live from 7:20 tonight on 5

## FOOTBALL

## O'Neill faces Uefa action for criticism

Martin O'Neill, the Leicester City manager, may face action from Uefa as a result of comments he is alleged to have made after his side's controversial exit from the Uefa Cup on Tuesday. Chris Maume reports.

## Arsenal in need of some time off

Arsène Wenger's side's looked weary during their Uefa Cup defeat against PAOK Salonika. It is a situation they intend to remedy. Mike Rowbottom reports.

For the three thousand or so travelling followers of PAOK Salonika, Tuesday night's Uefa Cup occasion at Highbury was a maddeningly exciting occasion. They surged. They chanted. They clapped. They pooged. And that was before the match started.

By the time the Belgian referee blew his whistle, the visiting supporters were a seething mass of jubilation as their team marked their first match in England with a 2-1 aggregate win over the Premiership leaders.

The only break in the Greek noise came when the fans concentrated on the big screen replays of Zisis Vrivas's equaliser in the 87th minute. Those home fans who remained behind to watch must have seen it differently - Zisis The End.

Arsenal's first-round exit from the Uefa Cup for the second year running will probably cost them dear in financial terms. They made more than £2m when they won the European Cup-Winners' Cup in 1994, and an extended run in this competition would have brought them at least as much. But as their manager Arsène Wenger said with a grim smile afterwards, "we will never know".

## McManaman illuminates grey night in Europe for Liverpool

Liverpool's progress in the Uefa Cup at the expense of a spirited Celtic was far from distinguished. Guy Hodgson points out the fault lines at fortress Anfield.

The reactions of the supporters after Liverpool had beaten Celtic in the Uefa Cup told their own story. The home hordes slipped away quietly from Anfield, relieved to have won on the flimsy premise of away goals; the visitors stayed to applaud their team.

A goalless draw did not include Tuesday among Anfield's grey nights in Europe and although Liverpool are through to the second round the tie unveiled many of the failings that have beset Roy

As a manager, Martin O'Neill has never been one to keep his feelings to himself - the sight of the Leicester City manager fulminating at decisions that go against his side is a common one. But this time he may find himself in serious trouble following his criticism of the referee after City's elimination from the Uefa Cup at the hands of Atletico Madrid at Filbert Street on Tuesday.

"We will be waiting for a report from not only the referee, but our observer and the rest of the delegation at the match," a Uefa spokesman said. "If it is found that the Leicester manager did make such a remark, then we would certainly build an inquiry."

O'Neill was livid at the manager of Leicester's defeat. He claimed that the club had three apparently cast-iron penalty appeals turned down, and then had Gary Parker sent off for taking a free-kick too quickly (although it was a second bookable offence). Leicester are considering making an official complaint about the referee's performance and have sent a video of the match to Uefa.

"You do feel 'what's the point?' and that in two days' time people will think it's just sour grapes on your part," O'Neill said. "But then you think there is a point - to prevent what happened on Tuesday happening again. What happened was disgusting - absolutely shocking."

A spokesman for the club had no comment yesterday. Sion have made a formal protest to Uefa that one of their Uefa Cup match away to Spartak Moscow on Tuesday.

The Swiss champions have asked that the first-round second-leg match, which ended in a 2-2 draw but with Spartak winning 3-2 on aggregate, be awarded to them 3-0, putting them into the second round.

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## Babayaro's debut likely for Chelsea

The Nigerian defender Celestine Babayaro could make his competitive debut for Chelsea in tonight's European Cup-Winners' Cup second leg tie in Slovakia.

The £2.25m summer signing from Anderlecht has been forced out of Ruud Gullit's plans so far this season, after damaging his ankle in a cartwheel goal celebration during a pre-season friendly.

However, the Olympic gold medal winner came through 60 minutes of reserve-team action on Monday and has been named by Chelsea's player-manager in his squad for the encounter with Slovan Bratislava.

Chelsea, who defend a 2-0 lead from the first leg in the Slovakian capital, may recall Giannuca Viali up front. Steve Clarke is available again after a calf injury, although Paul Hughes is ruled out with an ankle problem.

Danny Granville, who scored what could be the crucial second goal at Stamford Bridge, is likely to have to settle for a place on the bench, with Graeme Le Saux available again after missing the first leg, when he served a ban for his infamous Moscow brawl with David Batty two years ago.

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It is significant, however, that the club's main objective now is to give their players a holiday so they can replenish their energies for the Premiership campaign. "We've been looking hard to try to give the boys a few days off, but so far it has been impossible," said Arsène Wenger, the club's assistant manager, Pat Rice. "Now with a clear week coming up after the game against Barnsley on Saturday, maybe we will get the chance."

Wenger said after the match that his players had given all they could at Highbury, but added: "I knew it would be difficult after we lost the first leg in Greece. That is really where we were knocked out."

Whether Arsenal's prime mover can maintain his current influence depends on his self-discipline - a fifth booking of the season in the next three League matches will incur an automatic suspension causing him to miss the crucial home match with Manchester United, on November 19. Without Bergkamp, Arsenal are a car without a spark plug.

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FOOTBALL: CHAMPIONS' LEAGUE

## Ferguson's swashbuckling United come of age in Europe

Glenn Moore  
Manchester United.....3  
Juventus.....2

What style, what passion, what a wonderful performance. There is a long, long way to go but Manchester United last night earned the right to dream of the European glory they crave.

Already shorn of Roy Keane they found themselves trailing to Juventus, widely accepted as the Continent's best, after just 24 seconds. They then lost Nicky Butt, but from then on it was a night of glory as Teddy Sheringham, Paul Scholes and Ryan Giggs scored the goals to beat one of the best defences in Europe.

While rumours concerning Keane's knee injury swept Manchester (out for anything from a fortnight to the end of the season) Alex Ferguson was concentrating on finding a replacement for at the evening - and probably the rest of the Champions' League. Ronnie Johnsen, who had played only 36 minutes since coming back from a thigh injury, got the nod in partnership with Berg.

It was a lot to ask of the Norwegian and his lack of match-sharpness was exposed from the start as United, having kicked off, found themselves behind after 24 seconds.

Johnson was dispossessed around the centre circle and the ball was quickly played from Didier Deschamps to Manuel Di Masi on the left. His pass found Alessandro Del Piero's perfectly timed run behind Henning Berg. A neat drag-back dummied Peter Schmeichel and Berg before he coolly rolled the ball in.

It took a while for United to get back into the game and Juventus were able to stroke the ball about without creating any serious chances. Lifted by their supporters - who were increasingly infuriated by both the referee and the Italians' arrogance - United rallied. Hen-



Alessandro Del Piero slides the ball past Manchester United's Peter Schmeichel to put Juventus 1-0 up after just 24 seconds of last night's Champions' League match at Old Trafford

Photograph: Allsport

ning Berg headed over and Johnson brought a reaction save from Angelo Peruzzi. Deschamps and Fabio Pecchia were booked for crude fouls - and Montero and Alessandro Birindelli should have been - as Juventus fought to re-take control but it took a linesman's flag to halt United.

Ole Gunnar Solskjær being spotted offside after Sheringham headed in from Denis Irwin's 16th minute long throw.

It was a further indication of

Italian vulnerability in the air and, with Giggs now switched from the 'hole' to the left wing, and Johnson settling in midfield, United tore forward. After 28

minutes they nearly scored when a cross from the David Beckham was neatly touched on by Giggs and Sheringham to Solskjær only for Peruzzi to save well.

Ten minutes later Sheringham played the ball out to the left and, when Giggs' deep cross came in, the England striker was there to rise above

Montero and head in. United's joy was unconfined but their enthusiasm cost them a booking as Giggs was penalised for heading the ball out of Peruzzi's hands to 'score'.

United's first-half recovery

had raised the temperature

and it threatened to boil over

early in the second half with

Johnson clashing with Montero and Sheringham with Ferrara. The latter row followed a calculating foul on Giggs as he threatened to burst through the Italian defence. Ferrara was booked.

So was Del Piero as Juventus struggled to contain a United side now huddled with

belief. Under pressure as they were, the Italians continued to try and pass the ball and always presented a latent threat.

However, with 25 minutes to go their numbers were reduced as Deschamps pulled one shirt to many. That is belonged to Johnson was irrelevant, but his second yellow card was not.

Three minutes after he de-

parted, Juventus were in further disarray as Scholes put United ahead. Sheringham was yards offside as Pallister played a ball

through after Berg had won a header but Scholes was not. As

the Italians stopped, he dribbled past them, Sheringham and Peruzzi to score.

United's second goal was not.

A magical night for the United fans was capped in the last minute when Giggs crowned an outstanding performance with a brilliantly taken goal. It looked like the icing on the cake but it turned out to be more important than that as, in injury time, Zinedine Zidane curled a free-kick past Schmeichel.

Manchester United (4-3-1-2): Schmeichel; G Neville, Berg, Pallister, Irwin; Beckham, Johnson, Butt (Scholes, 38); Giggs, Deschamps, Di Masi; Montero, Berg (substitutes not used): Van der Gouw (45), May, McClair, Clegg, Curtis.

Juventus (4-3-1-2): Peruzzi; Birindelli, Peruzzi, Montero, Di Masi; Pecchia (Lukaku, 45), Deschamps, Birindelli, Di Masi, Birindelli (substitutes not used): Rampulla (46), Padovano, Forzaosa, Zamboni.

Referee: A Lopez (Spain).

More reports, page 31

### Giggs' electric glide on the wing gains glory for Old Trafford

Manchester United needed an outstanding performance from someone last night if they were to get the better of Juventus in the Champions' League at Old Trafford. Guy Hodgson watched the man most likely to provide it: Ryan Giggs.

Alex Ferguson could not afford to pinpoint any single player last night. "I don't care who is our

matchwinner," he had said beforehand. But the Manchester United manager could be forgiven his gaze lingered on the slight figure in the No 11 as he searched for a hero.

It is a long time since anyone

compared Ryan Giggs to George Best. It was a famous exercise anyway, holding up the Welshman to a talent that burned more furiously than any one else at Old Trafford, but injury has made it more so. Even the incomparable would have had his wings clipped if he had spent as much time on the treatment table as he did at the bar.

The last time Giggs could give full vent to his special gifts without the fear of inflaming a physical impediment was in the 1993-94 Double season. Since then there have been intermittent bursts between lay-offs.

Last season's game against Juventus was one of those special nights. For 45 minutes Giggs bewitched the Italians, inspiring hope and fear with every twisting run. He repeated the performance against Porto at Old Trafford yet the season ended with him clutching a championship medal and also another fitness straw: an

operation on a double hernia.

"You are seeing a player back to full fitness," Ferguson had said after Giggs' electric performance against Everton earlier in the season only for him to break down with hamstring problems. He was back last night but it was after only 15 minutes football in the past two and a half weeks.

The memory of Giggs' quicksilver feet knocking the plonk off the Juvé defenders prompted Ferguson to play him through the middle. It was a tactical mistake.

Juventus knew where the

danger lay and Paolo Montero fed Giggs with a chop to the knee as he attempted to cut in from the right. But, when Nicky Butt went off to be replaced by Paul Scholes, Giggs moved to the security blanket of the flank. It changed the tone of the match.

With the first run down his favoured flank, opportunity beckoned. Presented with the acres beyond Fabio Pecchia and Alessandro Birindelli he rocketed to the byline and delivered a teasing pass over Angelo Peruzzi in the Juventus goal. Teddy Sheringham probably dreams of crosses like

that and he thumped a header for United's equaliser.

The route to Juventus' weak point had been exposed by that 39th-minute thrust. Giggs on the left, was facing the Italians instead of playing with his back to them. In the 53rd minute he skipped past two defenders before being felled by Ciro Ferrara.

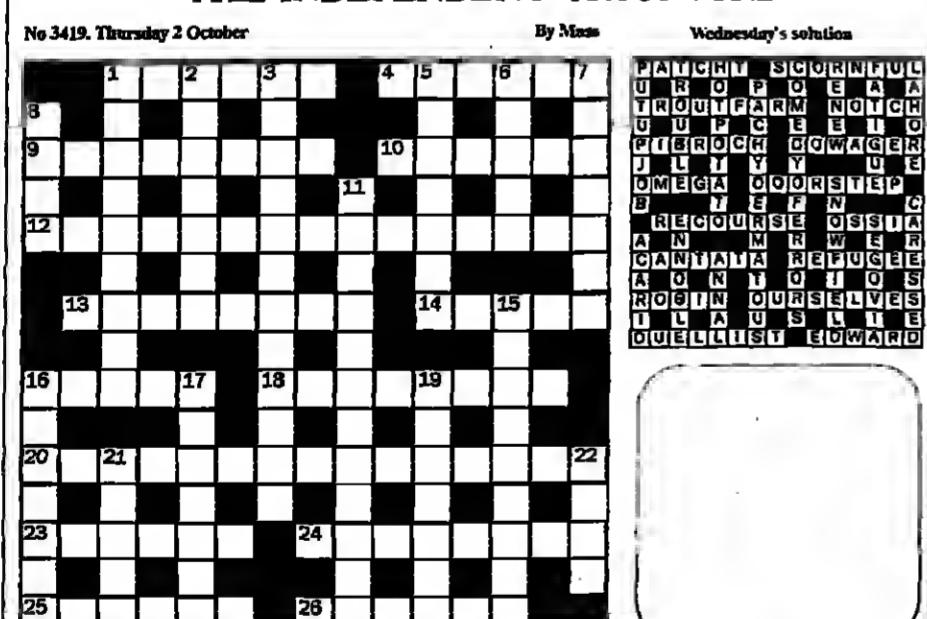
Instead of running into cul-de-sac, United had an outlet. Giggs worried Juventus almost every time he received the ball, and his glorious, twisting run in the 88th minute and precise, angled shot resulted in United's third goal.

### THE INDEPENDENT CROSSWORD

No 3419. Thursday 2 October

By Moes

Wednesday's solution



ACROSS  
1. Second driver's crusty... (6)  
4. ... turning sharp into quiet Scottish valley (6)  
9. Knight's driven back by pawn in veritable retaliation (8)  
10. Many holding abridged service for the deity (6)  
12. You'll find the colours run in these (8,7)  
13. Identify measure (maybe a gun) consumed (8)  
14. A drop-out with large joints (5)  
16. Parishioners ooze with inner faith ultimately (5)  
18. Sacred fish up, in heart of Galilee (8)

### DOWN

1. Drink I serve, mixed... (9)  
2. Eternal suffering (7)  
3. Vagrants associated with washed-up specimens (12)  
5. Nuisance turned up, American hard hat (7)

### Beresford dynamic as Newcastle gain parity

Carl Liddle  
reports from Kiev  
Dynamo Kiev.....2  
Newcastle United.....2

Newcastle maintained their unbeaten record in the Champions' League when they staged a brave recovery from a two-goal deficit in Ukraine last night. They were on the rack for much of the game but held their nerve to steal a point.

The Olympiiski Stadium was packed to something approaching its 100,000 capacity as Newcastle were given a warm welcome even though the temperature had dipped to below freezing. But Dynamo quickly seized the initiative, taking the lead within four minutes. Valentin Belikovich beat Steve Watson down the right and when he crossed Sergei Rebrov stole ahead of John Beresford to head past Shay Given from six yards.

Newcastle hit back with

Faustino Asprilla and David Batty prominent, but Dynamo looked dangerous on the break with Andrei Shevchenko particularly menacing.

Rebrov was finding plenty of space to attack down the right but in the 11th minute, after he seemed to have broken free, Beresford got back to make a

merely had to wait and collect.

Philippe Albert and John Beresford were fortunate to escape bookings as Newcastle's frustration mounted. Kiev almost increased their lead from a free-kick awarded for a Beresford foul, but Given made a great save from Kosovsksy. Given again came to his side's rescue in the 63rd minute when the defender Vladislav Vashchuk moved up and lashed in a shot which the keeper did well to hold.

Newcastle had been outplayed, but they pulled a goal back in the 77th minute. The Dynamo defence failed to clear a long throw from Watson and Beresford popped up to get in a rather weak right-foot shot which went through the legs of Shevchenko. It was Beresford's third goal in Europe following his two against Croatia Zagreb.

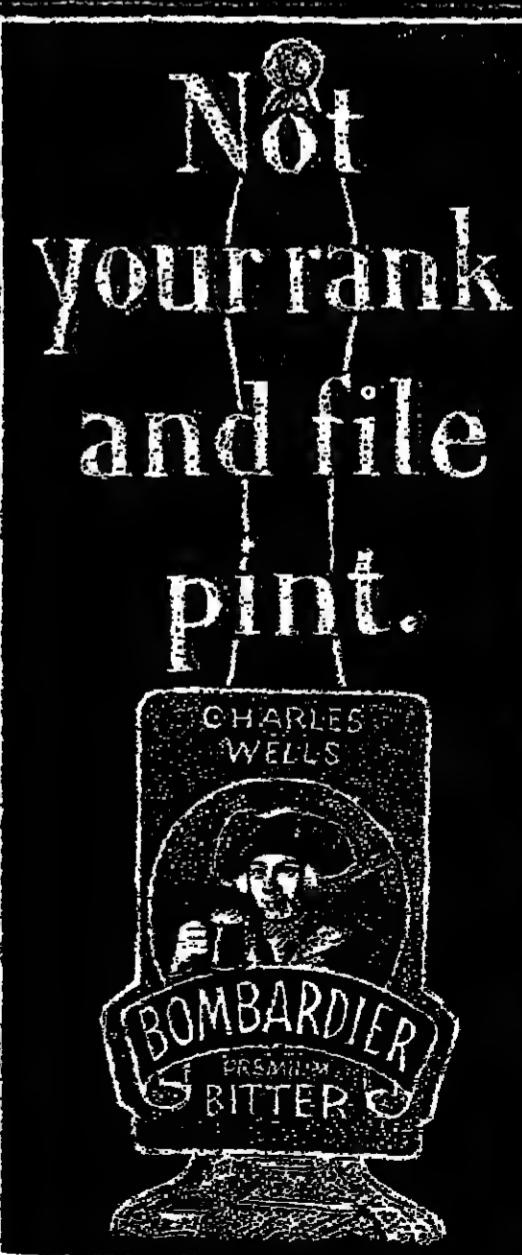
Newcastle stunned Dynamo when they snatched an equaliser five minutes from time. Kiev could not clear a left wing corner and Beresford tried his luck from 30 yards, with the ball taking a wicked deflection off Alexander Golovko to leave Shevchenko stranded.

Dynamo Kiev: Shevchenko, Luchy, Golovko, Vashchuk, Demchenko, Kosovsksy, Shevchenko, Rebrov, Gulya, Khatskevich, Belikovich.

Newcastle United: Given, Barton, Peacock, Atkinson, Beresford; Watson, Lee, Nobbs, McParland, Barnes, Kapila (Tomasen, 24).

Referee: P Mikkelson (Denmark).

Photograph, page 31



BREWED BY THE CHARLES WELLS FAMILY BREWERY, BEDFORDSHIRE. EST. 1790.

Photograph, page 31